

# Pre-Retirement Counseling Handbook

# CSRS

## *Civil Service Retirement System*



**First Edition – 2002**

# CSRS

## Civil Service Retirement System

*May 2002*

*First Edition*

Published by  
United States Coast Guard  
Headquarters

*This book belongs to:* \_\_\_\_\_

**This handbook has been developed with you in mind.**

**We believe the information provided in this handbook, as well as the retirement counseling you are about to receive, will enable you to make informed decisions regarding your retirement and the various benefits programs provided for you by the Federal government.**

*Any information in this handbook may be reproduced*

# Table of Contents

<b>Introduction .....</b>	<b>1</b>
<b>Considerations.....</b>	<b>2</b>
<b>Eligibility .....</b>	<b>5</b>
<b>Creditable Civilian Service .....</b>	<b>9</b>
Deposits/Redeposits	
Refunds	
Military Service	
<b>Survivor Elections .....</b>	<b>23</b>
Death Benefits	
<b>Federal Insurance Programs .....</b>	<b>35</b>
Federal Employees Health Benefits (FEHB)	
Federal Employees' Group Life Insurance (FEGLI)	
<b>Thrift Savings Plan (TSP) .....</b>	<b>59</b>
Annuities	
Tax on Benefits	
<b>Annuity Computations .....</b>	<b>67</b>
Annuity Computation	
Cost of Living Adjustment (COLA)	
How Annuities Are Taxed	
Reductions/Withholdings	
Voluntary Contributions	
CSRS Offset	
<b>Social Security .....</b>	<b>87</b>
<b>How Your Retirement Application Is Processed .....</b>	<b>103</b>
<b>Planning For Retirement .....</b>	<b>113</b>
<b>Asset Inventory .....</b>	<b>121</b>

# Introduction

Your Civil Service Retirement System (CSRS) originated in 1920 as a defined benefit, contributory retirement system. Upon enactment in 1920, over 4,000 employees, some in their 80's and 90's, took advantage of the new retirement law.

Currently, you contribute 7.00% of your base pay into the retirement fund (7.50% for Special Category employees, Firefighter and Law Enforcement Officers). You do not pay Social Security tax on earnings covered by CSRS, but you do pay 1.45% Medicare tax. If you are covered by CSRS Offset, you are covered by Social Security since you were vested (had 5 years) in CSRS and had a break in service of over one year. Due to the Social Security Amendments Act of 1983, you are mandatorily covered by Social Security. As a CSRS Offset employee, you are contributing 0.80% into the CSRS retirement fund (1.3% for Firefighter and Law Enforcement Officer).

CSRS employees may participate in two savings programs: Thrift Savings Plan (TSP) and Voluntary Contributions. You may contribute up to 7% of your basic pay into the Thrift Savings Plan, a tax deferred program (no matching contribution from your employer). You may also make voluntary contributions into the retirement fund, not a tax deferred program, not to exceed 10% of your basic pay over your full career. Both of these programs are voluntary, and provide a means to increase your retirement income.

You may also wish to seek the advice of a legal, tax and/or financial planning expert to assist you with your pre-retirement planning.

# **CSRS Retirement Considerations**

- **Determine when you are eligible to retire.**
- **Does being eligible to retire mean immediate retirement?**
- **Determine the factors that affect your annuity computation.**
- **If appropriate, decide whether to make a deposit/redeposit for civilian service or to make a “military deposit” for military service performed on/after 1-1-57. Determine the effect on your annuity. How do you make the deposit?**
- **Decide about survivor benefits. What are the benefits to your spouse? What are your options? How much will your annuity be reduced to provide the benefit? What are the consequences of not electing survivor benefits?**
- **Make decisions regarding health and life insurance. What are the eligibility requirements to continue these benefits? Costs? How does Medicare fit in?**
- **Be aware of the most advantageous time to begin the application for retirement benefits. What is the expectation for the receipt of annuity? How do you make changes after retirement?**
- **Determine your eligibility for Social Security benefits. How do you apply? Does your Federal annuity affect your Social Security?**
- **If enrolled, decide when and how to receive your Thrift Savings Plan monies. How do you withdraw the money in your TSP account? What are your options? What are the tax consequences?**

# NOTIFICATION OF PERSONNEL ACTION

1. Name (Last, First, Middle)				2. Social Security Number		3. Date of Birth		4. Effective Date			
5-A. Code				5-B. Nature of Action				5-A. Code		5-B. Nature of Action	
5-C. Code				5-D. Legal Authority				5-C. Code		5-D. Legal Authority	
5-E. Code				5-F. Legal Authority				5-E. Code		5-F. Legal Authority	
7. FROM: Position Title and Number						15. TO: Position Title and Number					
E. Pay Plan		F. Occ. Code		10. Grade or Level		11. Step or Rate		12. Total Salary		13. Pay Basis	
12A. Basic Pay		12B. Locality Adj.		12C. Adj. Basic Pay		12D. Other Pay		20A. Basic Pay		20B. Locality Adj.	
				\$0.00						\$0.00	
14. Name and Location of Position's Organization						22. Name and Location of Position's Organization					
23. Veterans Preference				24. Term				25. Agency Use		26. Voluntary Rel. for RIF	
1 - None 2 - 5-point 3 - 10-Point/Disability 4 - 10-Point/Compensable 5 - 10-Point/Other 6 - 10-Point/Compensable/50%				0 - None 1 - Permanent 2 - Conditional 3 - Indefinite						<input type="checkbox"/> YES <input type="checkbox"/> NO	
27. FEGLI				28. Annuity Indicator				29. Pay Rate Determinant			
30. Retirement Plan				31. Service Comp. Date (Last)				32. Work Schedule			
33. Position Occupied				35. FLSA Category				36. Appropriation Code		37. Bargaining Unit Status	
1 - Competitive Service 2 - Excepted Service 3 - SES General 4 - SES Career				E - Exempt N - Nonexempt							
38. Duty Station Code				39. Duty Station (City - County - State or Overseas Location)							
40. AGENCY DATA		41.		42.		43.		44.			
45. Remarks											

46. Employing Department or Agency Department of Health and Human Services			50. Signature/Authentication and Title of Approving Official		
47. Agency Code	48. Personnel Office ID	49. Approval Date			

TURN OVER FOR IMPORTANT INFORMATION  
8-Part

1 - Employee Copy - Keep for Future Reference

Editions Prior to 7/81 Are Not Usable After  
8/30/83  
NSN 7540-01-333-6238

## NOTICE TO EMPLOYEE

**This is your copy of the official notice of a personnel action. Keep it with your records because it could be used to make employment, pay, and qualifications decisions about you in the future.**

### The Action

- Blocks 5-8 and 5-8 describe the personnel action(s) that occurred.
- Blocks 15-22 show the position and organization to which you are assigned.

### Pay

- When the personnel action is an award or bonus, block 20 shows the amount of that one-time cash payment. When the action is not an award or bonus, block 12 shows your former total annual salary, and block 20 shows your new total annual salary (block 20C plus 20D). The amounts in blocks 12 and 20 do not include any one-time cash payments (such as performance awards and recruitment or relocation bonuses) or payments that may vary from one pay period to the next (such as overtime pay), or other forms of premium pay.
- Block 20A is the scheduled amount for your grade and step, including any special salary rate you receive. It does not include any locality-based pay. This rate of pay serves as the basis for determining your rate of pay upon promotion, change to a lower grade, or reassignment, and is used for pay retention purposes.
- Block 20B is the annual dollar amount of your Interim Geographic Adjustment or, beginning in 1984, your locality-based comparability payment.
- Block 20C is your Adjusted Basic Pay, the total of blocks 20A and 20B. It serves as the basis for computing your retirement benefits, life insurance, premium pay, and severance pay.
- Block 20D is the total dollar amount of any Retention Allowances, Supervisory Differentials, and Staffing Differentials that are listed in the remarks block. These payments are made in the same manner as basic pay, but are not a part of basic pay for any purpose.

### Block 24 - Tenure

- Identifies the nature of your appointment and is used to determine your rights during a reduction in force (RIF). Tenure groups are explained in more detail in subchapter 26 of FPM Supplement 285-33 and RIF is explained in FPM Supplement 351-1; both should be available for review in your personnel office.

### Block 26 - Veterans Preference to RIF

- Indicates whether you have preference for reduction-in-force purposes.

### Block 30 - Retirement Plan

- FICA - Social Security System
- CS - Civil Service Retirement System
- CS-Spec - Civil Service Retirement System for law enforcement and firefighter personnel
- FB - Foreign Service Retirement and Disability System
- FERS - Federal Employees' Retirement System
- FERS-Reserve Tech - Federal Employees' Retirement System for National Guard Reserve Technicians
- FERS-ATC - Federal Employees' Retirement System for Air Traffic Controllers
- FERS-Spec - Federal Employees' Retirement System for law enforcement and firefighter personnel
- FSPS - Foreign Service Pension System

### Block 31 - Service computation Date (Leave)

- Shows when your Federal service began unless you have prior creditable service. If so, this date is constructed to include your total years, months and days of prior creditable civilian and military service.
- Full-time employees with fewer than 3 years of service earn 4 hours of annual leave each pay period; those with 3 or more years but less than 15 years earn 5 hours each pay period; and those with 15 or more years earn 6 hours each pay period.
- Your earnings and leave statement or your time and attendance card will

### Block 32 - Work Schedule

- Your work schedule is established by your supervisor.
- A full-time employee works on a prearranged scheduled tour of duty that is usually 40 hours per week. A part-time employee has a prearranged scheduled tour of duty that is usually between 16 and 32 hours per week. An intermittent employee has no prearranged scheduled tour of duty and works when needed.
- Full-time and part-time employees whose appointments are for 90 days or more are usually eligible to earn annual leave; intermittent employees are not. Seasonal employees work on an annually recurring basis for periods of less than 12 months each year; they may have a full-time, a part-time, or an intermittent schedule during their work season.
- On-call employees work during periods of heavy workload and are in pay status for at least 6 months of each year; they may have either a full-time or a part-time schedule when they are in pay status.

### Block 33 - Part-time Hours Per Biweekly Pay Period

Indicates the number of hours a part-time employee is scheduled to work during a two-week pay period.

### Block 34 - Position Occupied

Identifies the employment system under which you are serving -- the Competitive Service, the Excepted Service, or the Senior Executive Service (SES). The employment system determines your eligibility to move to other jobs in the Federal service, your rights in disciplinary and adverse actions, and your eligibility for reemployment if you have Federal service.

### Block 35 - FLSA Category

Exempt employees are not covered by the minimum wage and overtime law (the Fair Labor Standards Act); nonexempt employees are covered.

### Block 37 - Bargaining Unit Status

Identifies a bargaining unit to which you belong, whether or not you are actually a member of a labor organization. Code "7777" indicates you are eligible but not in a bargaining unit; code "8888" indicates you are ineligible for inclusion in a bargaining unit.

### Block 38 and 39 - Duty Station

Identifies the city, county, and state or the overseas location, where you actually work.

## OTHER INFORMATION

- If your appointment entitles you to elect health benefits or life insurance, and you have not been provided materials explaining the programs available and the enrollment forms, contact your personnel specialist.
- Your personnel specialist will also tell you if your position is covered by an agreement between an employee organization (union) and your agency. If you are eligible to and elect to join an employee organization, you can elect to have your dues withheld from your salary.
- If you have questions or need more information about your rights and benefits, ask your supervisor or your personnel office.
- Definitions for any coded data in Blocks 1-24, 27-39 and 45-50 may be found in Federal Personnel Manual Supplement 282-1.

**It is your responsibility to read all the information on the front of this notice and tell your personnel office immediately if there is an error in it.**

# ELIGIBILITY



# **Eligibility for Retirement**

## **Civil Service Retirement System (CSRS)**

### **General Eligibility Requirements**

Under CSRS, you must have at least 5 years of creditable civilian service to be eligible for an annuity. Additionally, you must be subject to CSRS for 1 out of the 2 years of service before separation on which your retirement is based (this requirement does not apply in disability retirement cases).

### **Immediate Retirement**

<b><u>AGE</u></b>	<b><u>YEARS OF SERVICE</u></b>
<b>55</b>	<b>30</b>
<b>60</b>	<b>20</b>
<b>62</b>	<b>5</b>

If you retire on the 1st, 2nd, or 3rd of the month, your annuity will commence the next day. If your retirement date is on the 4th day of the month or later, your annuity will commence on the 1st day of the month following the month in which you retired.

### **Early Retirement**

#### **Voluntary Early Retirement Authority (VERA)**

<b>50</b>	<b>20</b>
<b>Any Age</b>	<b>25</b>

#### **Discontinued Service Retirement (DSR) - Involuntary**

<b>50</b>	<b>20</b>
<b>Any Age</b>	<b>25</b>

Annuity commences the first day following the date of the involuntary separation. Your annuity is reduced by 2% for each year you are under age 55.

### **Deferred Retirement**

<b>62</b>	<b>5</b>
-----------	----------

You must not have taken a refund of retirement deductions for the last period of service. In a deferred retirement, you will have no credit for unused sick leave. Your health and life insurance cannot be reinstated. You, as the former employee, should apply to OPM about 3 months before your 62<sup>nd</sup> birthday. Annuity will commence on your 62nd birthday.

# **Eligibility for Retirement**

## **Civil Service Retirement System (CSRS)**

### **Disability Retirement**

<b>Any Age</b>	<b>5</b>
----------------	----------

Annuity commences the last day of pay or the day following your date of separation. A redeposit may be required to make refunded service creditable.

### **Law Enforcement Officer (Leo)/Firefighters (FF)**

<b>50</b>	<b>20</b>
-----------	-----------

### **Air Traffic Controllers (ATC)**

<b>50</b>	<b>20</b>
<b>Any Age</b>	<b>25</b>

### **Mandatory Retirement Age For Special Groups**

<b>LEO</b>	<b>57</b>	<b>20</b>
<b>ATC</b>	<b>56</b>	<b>20</b>
<b>FF</b>	<b>57</b>	<b>20</b>

NOTE 1: The following categories of CSRS ATCs are automatically exempt from mandatory separation:

- ATCs who were first appointed by the Department of Transportation before May 16, 1972;
- ATCs who were first appointed by the Department of Defense before September 12, 1980; and
- Flight service station specialists who were first appointed before January 1, 1987.

Annuity commencement dates are the same as for immediate retirement. As a LEO/ATC or FF employee, when you reach your mandatory retirement age, you may work until the end of the month in which the birthday occurs. For retirement purposes, you are considered to reach an age on the day before your birthday. If you, as the LEO/FF, have not completed the required 20 years of service under the special provisions, you must be separated on the last day of the month in which you complete the 20 years of service.

**NOTE:** If you are eligible for retirement under the special provisions but are not currently occupying a LEO/FF/ATC position, you are not required to retire and are not subject to mandatory separation.

# **CREDITABLE SERVICE**

# **Creditable Civilian Service**

## **CSRS**

Creditable service is Federal government employment (civilian/uniformed service) that meets the requirements for a particular type of benefit, such as, leave accrual, retirement, or reduction-in-force retention.

### **1. Full Time Work Schedule**

Normally, full time credit is allowed for all time elapsing between the date of appointment and date of separation.

### **2. Part-Time Work Schedule**

Full time credit for eligibility. (Service performed on/after 4-7-86 is prorated only for computation purposes.)

### **3. Intermittent Work Schedule (When actually employed—WAE)**

Intermittent (WAE) time is credited only for actual days worked, based on 260-day year.

### **4. Leave Without Pay**

Credit is given for all Leave Without Pay (LWOP) up to six months in a calendar year.

### **5. Office Of Workers' Compensation Program (OWCP)**

All time while receiving Workers' Compensation (OWCP) benefits is fully creditable as long as the employee is eventually restored to Federal employment.

### **6. Deposit (Nondeduction) Service**

Creditable for retirement eligibility. If deposit is not paid, annuity will be reduced.

### **7. Redeposit Service**

Creditable for eligibility but may not be creditable for computation if service ended on or after 10-01-90 and no redeposit is made.

# Deposit/Redeposit Service

**What is deposit service?** Deposit service is the period of service during which retirement contributions were not withheld from your salary (for example: temporary service).

**Cost of the deposit** is the amount of retirement deductions that would have been taken from your salary had you been covered by the retirement system, plus interest. If the deposit is not paid prior to final adjudication of retirement claim, then:

- If the service is prior to 10-1-82, annuity reduced by 10% of total deposit owed.
- If the service is on or after 10-1-82, the nondeduction service counts toward eligibility, but is not used for total creditable service for computation purposes.

**What is redeposit service?** It is service in which you contributed to the retirement fund and later received a refund of those contributions.

**Cost of the redeposit** is the amount of the refund paid to you plus interest.

- If the refunded service ended before 10-1-90, and you do not make a redeposit, your annuity will be actuarially reduced.
- If the refunded service ended on or after 10-1-90, you must pay the redeposit to receive credit for the service in the annuity computation.

## Interest Charged

**CSRS deposit and redeposit service** is subject to interest based on when the service was performed (for deposit service) or when the employee made application for the refund.

- Rate of 4% through 12-31-1947
- Rate of 3% from 1-1-1948 through 12-31-1984
- A variable interest rate thereafter, compounded annually.

### **VARIABLE INTEREST RATES**

1985	-	13.000%	1994	-	6.250%
1986	-	11.125%	1995	-	7.000%
1987	-	9.000%	1996	-	6.875%
1988	-	8.375%	1997	-	6.875%
1989	-	9.125%	1998	-	6.750%
1990	-	8.750%	1999	-	5.750%
1991	-	8.625%	2000	-	5.875%
1992	-	8.125%	2001	-	6.375%
1993	-	7.125%	2002	-	5.500%

**Note:** Variable rates do not apply to deposit service prior to 10-1-82, or to refunds received prior to 10-1-82. The 3% rate continues to apply.

# How To Compute the Actuarial Reduction for Unpaid CSRS Redeposits

Actuarial, or reduction, factors are assigned based on your age at the time of retirement. The amount of the redeposit due, including interest, is divided by the actuarial factor. The remainder is rounded up and equals the monthly reduction in the annuity.

$$\frac{\text{Redeposit Owed}}{\text{Actuarial Factor}} = \text{Monthly Reduction}$$

## Example:

An employee retires in 2002, age 56, who owes \$8,500 redeposit. The employee would have a monthly reduction of \$41.66 (rounded to \$42).

$$\frac{\$8,500}{204.0} = \$41.66 \text{ or } \$42$$

## Actuarial Factors CSRS

<u>AGE AT RETIREMENT</u>	<u>REDUCTION FACTOR</u>	<u>AGE AT RETIREMENT</u>	<u>REDUCTION FACTOR</u>
40	271.2	66	156.8
41	267.1	67	152.0
42	263.3	68	147.1
43	259.9	69	142.3
44	256.5	70	137.1
45	252.5	71	131.9
46	248.4	72	126.7
47	244.4	73	121.5
48	240.2	74	116.2
49	235.8	75	111.0
50	230.9	76	105.9
51	226.7	77	100.8
52	222.6	78	95.8
53	218.2	79	90.9
54	213.5	80	86.2
55	208.5	81	81.6
56	204.0	82	77.1
57	199.4	83	72.8
58	194.7	84	68.7
59	190.2	85	64.7
60	186.1	86	61.0
61	181.2	87	57.4
62	176.0	88	54.1
63	171.3	89	50.9
64	166.4	90	47.9
65	161.5		

# **Refund Fact Sheet**

## **Eligibility Requirements**

In order to receive a refund you must meet **all** of the following criteria:

- Be separated from the Federal government for at least 31 consecutive days OR be transferred to a position not subject to retirement deductions for at least 31 consecutive days;
- Submit a refund application (CSRS - SF 2802 and SF 2802B, if applicable) to OPM;
- Not be reemployed in a position subject to retirement deductions at the time you file your application;
- Not be eligible to receive an immediate annuity within 31 days of separation;
- Not be prohibited from receiving a refund due to a court order; AND
- Notify your current and/or former spouse(s) of the refund request, if applicable.

It is recommended that you discuss all of the relevant facts with your servicing personnel office before making a final decision on applying for a refund. You are not required to withdraw your retirement contributions and may leave the money in the fund until you are eligible for a deferred retirement. In the event of your death, all money in the fund will be payable to your survivor as a lump sum benefit. The following topics may assist you in making your decision.

## **Refunds May Be An Advantage**

- If you have less than 5 years of civilian service (you must have 5 years to receive an annuity), and you do not intend to return to Federal employment; **or**
- If you have 5 or more years of civilian service, you do not intend to return to Federal employment, and you believe you can invest the funds so that the final value of such investments exceeds the value of the deferred annuity. (At age 62 when applying for a deferred annuity, you may provide a survivor annuity for your spouse.)

## **Refunds May Be A Disadvantage**

- If you have at least 5 years of civilian you will be eligible for a deferred annuity at age 62.
- If you are reemployed by the Federal government, and wish to receive credit for the refunded service, you will be required to make a redeposit. The cost of the redeposit is equal to the refund received plus interest.
- A refund of all deductions voids any retirement options, including survivor benefits until the refund is redeposited (only for CSRS).

## **Reached A Refund Decision?**

If you decide to apply for a refund more than 30 days after your date of separation **OR** you have received notice from your payroll office that your retirement records were sent to OPM, you must forward your application directly to the appropriate OPM address listed below:

Office of Personnel Management  
Civil Service Retirement System (CSRS)  
Retirement Operations Center  
ATTN: Refunds  
Boyers, PA 16017-0045

# **Procedures for Making a Civilian Service Deposit or Redeposit**

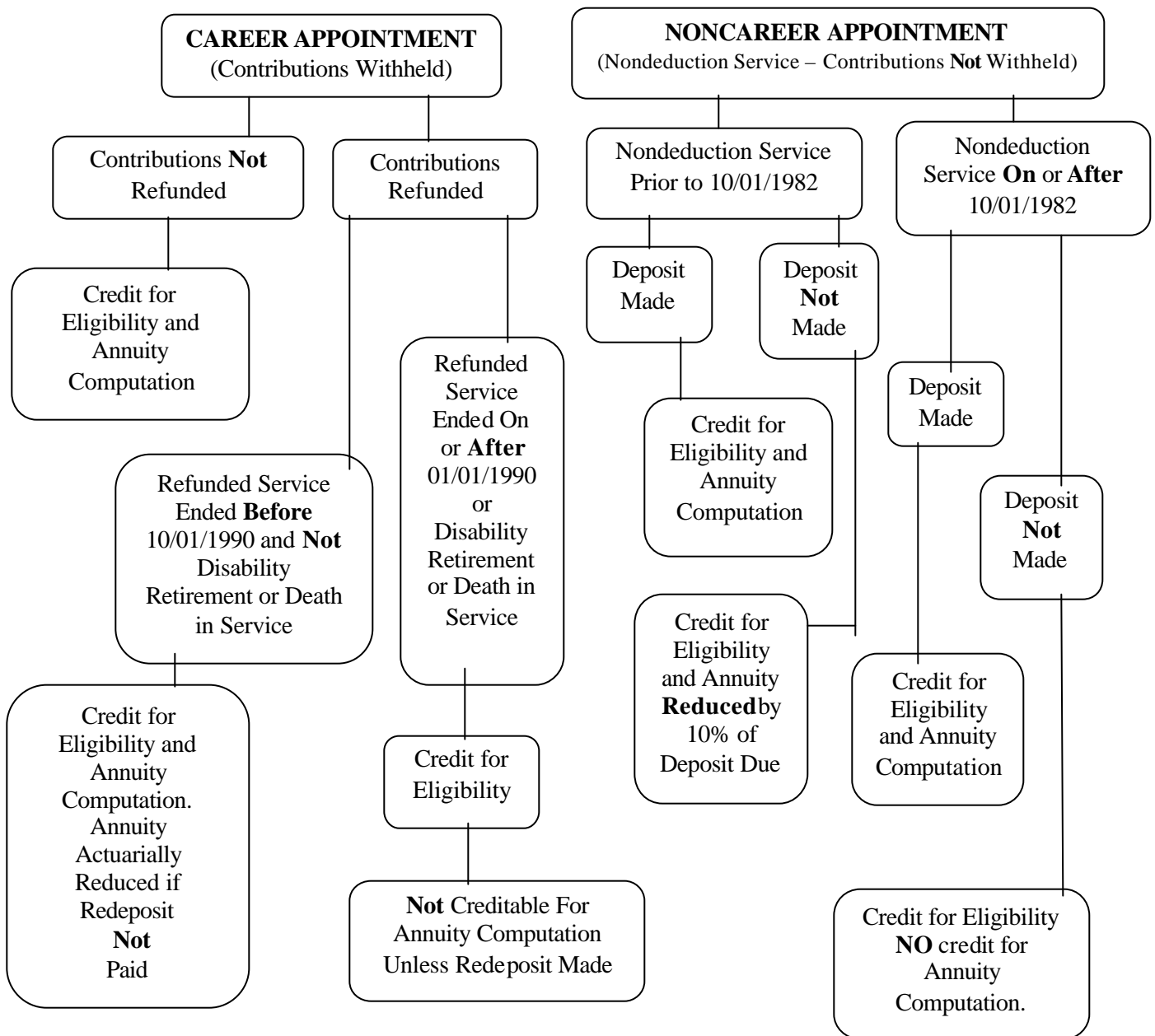
- STEP 1** Obtain a SF 2803, Application to Make Deposit or Redeposit for Civilian Service, from your personnel office.
- STEP 2** Complete the front of the SF 2803 and return the application to your personnel office.
- STEP 3** Your agency will complete the back of the SF 2803 and certify the application. Your agency will also complete the “Agency Checklist for a CSRS Service Credit Application” (RI 36-56). Checklist and Application will be forwarded to OPM, Retirement Operations Center, Boyers, PA 16017.
- STEP 4** You may submit payments directly to OPM after receiving the official bill. The deposit may be made in a single lump sum or in installments no smaller than \$50. You may also choose to have OPM debit your checking or savings account monthly.
- STEP 5** When you make a full or partial payment, OPM will send you a receipt showing the new balance due (including updated interest or payment in full, as appropriate).

**Notes:** Payments to OPM cannot be paid through payroll deduction.  
Interest is applied to unpaid balance on Jan 1 of each year.  
OPM will accept payment in full after separation, but prior to final adjudication of your retirement application.  
Keep copies of all your paperwork.





# CSRS Creditable Civilian Service



**Note:** Deposit may be made before or after retirement, but before final adjudication of the retirement claim. Payment is made to the Office of Personnel Management (OPM). Deposit/Redeposit application should not be sent to OPM six months prior to retirement, but forwarded with the retirement application.

# **Civilian Service Credit For Post-56 Military Service**

## **Credit if you were first employed before 10-01-82**

### **1. If you are eligible for Social Security Benefits at retirement or at age 62 and:**

- a. Deposit paid.** Your Post-56 military service will be credited for title (eligibility for retirement) and computation of the annuity.
- b. Deposit not paid.** Your Post-56 military service will be credited for title. If you are not eligible for Social Security at retirement, but will become eligible at age 62, your Post-56 military service will be credited for computation of your annuity until age 62. At that time the credit for Post-56 military service is eliminated. Your annuity will be recomputed by subtracting the years of Post-56 service from the total number of years of combined civilian and military service. This typically reduces the CSRS annuity by 2% for each year of Post-56 military service. For example, an employee age 55 with 30 years of combined service (4 years of which is Post-56 military service) would be eligible for retirement. However, if he/she does not make a military deposit and becomes eligible for Social Security at age 62, his/her annuity would then be recomputed and reduced by 8% (4 years X 2% = 8%). If you are eligible for Social Security at the time of retirement (normally age 62 or older), the Post-56 service will not be used in the computation of your annuity.

### **2. If you will not be eligible for Social Security at 62 (or retirement, if later);** no deposit is required and you will receive full credit for Post-56 military service with no future reduction.

## **Credit if you were first employed on or after 10-01-82:**

Non-payment of a deposit will bar credit for both eligibility and computation purposes.

### **Computation Of Deposit**

The deposit equals 7% of base pay (not allowances earned during the Post-56 military service). The earliest interest begins to accrue is 10-1-86 or your 3rd anniversary of entry into a CSRS position. As with civilian deposits, variable rates of interest are assessed. No interest is charged if you pay the deposit, in full, before the first interest accrual date (IAD).

*NOTE: There are special rules if you fall under Uniformed Services Employment and Reemployment Rights Act (USERRA); that is restoration under chapter 43, Title 38.*

# **Deciding Whether To Waive Military Retired Pay**

**With few exceptions, receipt of military retired pay means that no military service can be credited toward retirement eligibility or used for the computation of annuity unless military retired pay is waived.**

<b>Type of Military Retired Pay</b>	<b>Choices</b>	<b>Effect on Annuity</b>
<p>Awarded on account of service-connected disability which was:</p> <ol style="list-style-type: none"> <li>1. Incurred in combat with an enemy of the United States; or</li> <li>2. Caused by an instrumentality of war and incurred in the line of duty during a period of war.</li> </ol>		<p>The years of military service will be used in computing the CSRS annuity (subject to CSRS military deposit rules). A waiver of military retired pay is not required.</p>
<p>Awarded under provisions of sections 12731 through 12739 of chapter 1223, title 10, U.S. Code which grants retired pay to members of reserve components who meet age and service requirements.</p>		<p>The years of military service will be used in computing the CSRS annuity (subject to CSRS military deposit rules). A waiver of military retired pay is not required.</p>
<p>Other types of military retired pay.</p>	<p>Waiving military retired pay</p>	<p>All creditable military service will be used in computing CSRS annuity (subject to CSRS military deposit rules).</p>
	<p>Not waiving military retired pay</p>	<p>Any military service used to compute military retired pay will not be used to compute the CSRS annuity.</p>

# ESTIMATED EARNINGS DURING MILITARY SERVICE

INSTRUCTIONS: Use a separate RI 20-97 for each branch of service. Attach DD214 or equivalent and any available records of pay or promotions. If you do not have a DD214 or equivalent, obtain a SF 180 from your personnel office and have your service verified before forwarding this form to the pay center. The pay center cannot provide estimated earnings unless verification of service is attached.


To:

Employee name (Last, First, Middle)	
Other names used	
Social Security Number	Date of birth
All military service numbers	
Branch of Service	

The uniformed services must provide estimated basic pay by Federal employees for military service after December 31, 1956, for the purpose of making a deposit to the Civil Service Retirement and Disability Fund for retirement credit. Please provide the estimated basic pay earned by the above named employee.

Signature of requester		Relationship to employee <input type="checkbox"/> Employee is requester <input type="checkbox"/> Other (Specify) <input type="checkbox"/> Survivor		Date	
Active military service after December 31, 1956 (Dates indicated below must be based on DD 214 or equivalent certification)		TO BE COMPLETED BY AUTHORIZED OFFICIAL Estimated Earnings (Base Pay) (Do not provide estimated earnings for any period of service prior to January 1, 1957.)			
From (Mo,Dy,Yr)	To (Mo,Dy,Yr)	From (Mo,Dy,Yr)	To (Mo,Dy,Yr)	Rate of Basic Pay	Earnings
1. If period of service began before and ended after December 31, 1956, enter date service actually began. (Mo,Dy,Yr)		1. Lost time <input type="checkbox"/> None <input type="checkbox"/> Number of days _____ <input type="checkbox"/> Inclusive dates			
		From(Mo,Dy,Yr)	To(Mo,Dy,Yr)	From(Mo,Dy,Yr)	To(Mo,Dy,Yr)
Signature of authorized official furnishing estimate		Date(Mo,Dy,Yr)		Telephone number (Including Area Code)	
Typed name of authorized official		Title of authorized official			

Requester's name and address


 Return Complete Form to
---

RI 20-97

# REQUEST FOR EARNINGS DURING MILITARY SERVICE

Attach a DD 214 or equivalent and any available records of pay or promotions to the Request for Earnings during Military Service form. If you do not have a DD 214 or equivalent, get an SF 180 from your personnel office and have your service verified before forwarding the request form to the pay center. The pay center cannot provide estimated earnings unless verification of service is attached. Send or FAX the Request for Earnings during Military Service to the appropriate address/FAX number shown below:

## Army

**DFAS-IN**  
**ATTN: DFAS-IN/TJMA**  
**8899 East 56th Street**  
**Indianapolis, IN 46249-0875**  
**Phone: (317) 510-2800 or 1-888-729-2769**  
**FAX: (317) 510 5575**

## Navy

**DFAS-Cleveland Center**  
**ATTN: PMMACB**  
**1240 East 9th Street**  
**Cleveland, OH 44199-2055**  
**Phone: (216) 522-6545**  
**FAX: (216) 522-6924**

## Air Force

**DFAS-PMJYB -DE**  
**6760 East Irvington Place**  
**Denver, CO 80279-3000**  
**Phone: (303) 676-7408**  
**FAX: (303) 676-6218**

## Marine Corps

**DFAS-KC, Code - PMCRAF**  
**1500 E. 95th Street**  
**Kansas City, MO 64197-0001**  
**Phone: (816) 926-7652**  
**FAX: (816) 926-3129**

## Coast Guard

**Commanding Officer (SES)**  
**Coast Guard Human Resource Services Information Center**  
**444 S.E. Quincy Street**  
**Topeka, KS 66683-3591**  
**Phone: (785) 339-3552**  
**FAX: (785) 339-3784**

## Public Health Service

**Public Health Service**  
**Division of Commissioned Personnel**  
**Compensation Branch**  
**Parklawn Building, Room 4-50**  
**5600 Fisher's Lane**  
**Rockville, MD 20857**  
**Phone: (301) 443-0064**  
**FAX: (301) 594-2711**

## National Oceanic and Atmospheric Administration

**National Oceanic and Atmospheric Adm.**  
**Department of Commerce**  
**Commissioned Personnel Office**  
**11400 Rockville Pike, Room 105**  
**Rockville, MD 20852**

# **Procedures for Making a Military Service Deposit**

- STEP 1** Obtain a RI 20-97, Estimated Earnings During Military Service, from your personnel office or use a copy from this handbook.
- STEP 2** Complete the RI 20-97, attach your DD 214(s) and send to the appropriate military finance center. Address/phone/fax numbers are also included in this handbook.
- STEP 3** When you have received your estimated military earnings, complete an SF 2803, Application to Make Deposit or Redeposit for Civilian Service. You should complete the front of the form and submit it to your personnel office.
- STEP 4** Your agency will complete the back of the SF 2803 and certify the application. The SF 2803 and RI 20-97 will be forwarded to your servicing payroll office. Your civilian personnel office will calculate the amount of your military deposit and inform you of the amount you owe.
- STEP 5** Make your payments directly to payroll, either by check/money order, or through payroll deductions. The deposit may be made in a single lump sum payment or through installments. Your deposit account balance and each payment will be reflected on your Leave & Earnings Statement.
- STEP 6** When you have completed your military deposit, payroll will send you a letter stating that the deposit has been paid in full. You should forward a copy of this letter to your personnel office to be placed in your Official Personnel Folder.

**Notes:** **Military deposits must be paid prior to separation from Federal service. Be aware of your interest accrual date. Official documentation that you completed your military deposit will be annotated on the Individual Retirement Record (SF 2806), which will be forwarded from payroll to OPM upon your separation. Keep copies of all your paperwork.**

# **SURVIVOR ELECTIONS**



## **Questions to Consider for Survivor Elections**

- **Who is eligible to receive survivor benefits when I die?**
- **What is the monthly cost to provide survivor benefits?**
- **Will my spouse consent to an election of less than the maximum survivor annuity?**
- **Does my spouse have an independent source of income?**
- **Is there a court order awarding survivor benefits to my former spouse? How much of a benefit is awarded?**
- **Would receiving a survivor annuity affect other pensions or benefits my spouse is receiving or would be entitled to receive?**
- **If I do not elect a survivor benefit for my spouse, will my spouse's FEHB be terminated?**
- **If a lump sum will be payable in lieu of a survivor benefit, have I designated a beneficiary? If so, is my beneficiary form current and up-to-date?**

# Survivor Elections

## Current Spouse

### **\*Married employees may elect at retirement:**

- Full survivor annuity for current spouse (55% of full annuity).
- Less than full or no survivor annuity with consent of spouse (55% of selected base up to the full annuity amount).
- “Insurable Interest” survivor annuity for current spouse if a survivor annuity has been awarded by a qualifying court order to a former spouse, or to provide for someone else.
- Combination current/former spouse annuity with consent of current spouse.

\* Survivors are eligible to receive an annuity if they have been married at least 9 months, are the natural parent of your child, or death was accidental.

## Example Of Full Annuity

### **COST: 2 1/2% X first \$3,600 plus 10% of the remaining amount elected as base.**

Assume the retiring employee’s basic annuity is \$30,000

$$\begin{aligned}\text{Reduction} &= 2\text{-}1/2\% \times \$3,600 = \$ 90 \\ &10\% \times \$26,400 = \$2,640 \\ \text{TOTAL} &= \$2,730\end{aligned}$$

Annuity after reduction = \$30,000 - \$2,730 = \$27,270 annual or \$2,272 a month

Survivor’s Benefit = 55% X \$30,000 = \$16,500 annual or \$1,375 a month

## Example Of Less Than Maximum Survivor Election

Employee elected \$4,000 as the “base amount” (basic annuity is \$30,000)

$$\begin{aligned}\text{Reduction} &= 2\text{-}1/2\% \times \$3,600 = \$ 90 \\ &10\% \times 400 = \$ 40 \\ \text{TOTAL} &= \$130\end{aligned}$$

Annuity after reduction = \$30,000 - \$130 = \$29,870 annual or \$2,489 a month

Survivor’s Benefit = 55% X \$4,000 = \$2,200 annual or \$183 a month

## Former Spouse

To provide a former spouse a survivor annuity, you must have been ordered by the Court or elect former spouse benefits, and

- Have been married at least 9 months,
- Have performed at least 18 months of creditable service

Former spouse is defined as a person whose marriage was terminated to an employee on or after May 7, 1985, or who was a spouse of a retiree who retired on or after May 7, 1985, regardless of the date of termination of marriage. The annuity is computed in the same way as a current spouse survivor annuity (described above). The OPM must receive a certified copy of your court order, showing original seal or stamp of the court. The court order should be mailed to: U.S. Office of Personnel Management, Court Ordered Benefits Branch, P.O. Box 17, Washington, DC 20044.

# **Survivor Elections Available To Unmarried Employees**

- No survivor benefit
- Insurable Interest survivor annuity
- Full or Partial survivor annuity for former spouse
- Combination insurable interest/former spouse survivor annuity

*Note: If you marry after retirement, you may elect, within 2 years after the marriage, a reduced annuity to provide a current spouse benefit. The reduction in your annuity is effective no earlier than the first of the month beginning 9 months after the date of marriage. This deposit is paid by a permanent actuarial reduction.*

## **Reduction For Insurable Interest**

An insurable interest is defined as a person who has a reasonable expectancy of financial benefit in the continuation of your life. If you are in good health at the time of your retirement, you may fund a continuing benefit, paid after your death, to an individual with an insurable interest. This benefit is more costly and less generous in comparison to a survivor benefit. The benefit amounts to 55% of your reduced annuity. For example, you may choose to elect this benefit if your current spouse will not be receiving survivor benefits because of a former spouse's court ordered benefit.

## **Age Of Insurable Interest Reduction**

<b>Older, same age, or less than 5 years younger</b>	<b>10%</b>
<b>5 but less than 10 years younger</b>	<b>15%</b>
<b>10 but less than 15 years younger</b>	<b>20%</b>
<b>15 but less than 20 years younger</b>	<b>25%</b>
<b>20 but less than 25 years younger</b>	<b>30%</b>
<b>25 but less than 30 years younger</b>	<b>35%</b>
<b>30 or more years younger</b>	<b>40%</b>

## **Example**

If insurable interest is 23 years younger, a monthly annuity of \$1,000 would be reduced by 30% -- the reduced monthly annuity would then be \$700.

# **Information On Death Benefits**

## **CSRS Death-In-Service Survivor Benefits**

**Beneficiary Forms:** Lump sum benefits are paid in accordance with your designated beneficiary forms. There are four possible forms that may affect you: TSP 3 for the Thrift Savings Plan; SF 2808 for the CSRS Retirement System; SF 2823 for Federal Employee Group Life Insurance, and SF 1152 for Unpaid Compensation. If there are no designations on file, benefits will be paid in the order of precedence according to Federal statute.

### **Order of Precedence Established under Federal Statute**

1. Designated beneficiary or beneficiaries.
2. Widow or widower.
3. Child or children in equal shares, with share of any deceased child distributed among that child's descendants.
4. Parents in equal shares, or entire amount to the only surviving parent.
5. Executor or administrator of the estate.
6. Next of kin as determined under the laws of the State in which the deceased lived.

**Note 1:** *This statutorily defined order is not superseded by the deceased employee's will.*

**Note 2:** *The order of precedence does not include stepchildren.*

**Annual Leave:** Unused hours accrued as of date of death are liquidated in a lump sum payment to the employee's beneficiary.

**Sick Leave:** No payment is made for unused Sick Leave, although it may be used to increase a spousal survivor annuity.

**Health Insurance:** If the employee was enrolled in self and family at the date of death AND there is a survivor annuity payable to a spouse and/or children, the survivor may continue health insurance coverage. The premiums will be deducted from the survivor annuity with the survivor continuing to receive the government contribution. If the survivor annuity is not sufficient to cover the cost of the premium, the survivor may pay the difference directly to OPM. If the employee had self and family coverage at the date of death but there is no survivor annuity payable, the enrollment terminates with the survivors having the right to convert to a private policy within 31 days. If a covered child is unable to continue health insurance because the child is not eligible for a survivor annuity (for example, over 18 and not a full-time student), the child would be eligible for temporary continuation of coverage. If the employee had self-only coverage at the date of death, the enrollment terminates at death with no right to enroll or convert for the survivors.

**Life Insurance:** Any life insurance benefits payable will be paid in the order of precedence established by Federal statute. The order of precedence is NOT used to pay life insurance if there is a qualifying court decree, order or applicable property settlement that entitles someone to receive the life insurance proceeds

**Survivor Benefits:** For survivor benefits to be payable in a death-in-service case, the employee must have 18 months of creditable civilian service and be covered by CSRS at date of death. The surviving spouse must have been married to the employee for at least 9 months at time of death or be a parent of a child of the marriage. The length of marriage requirement is deemed satisfied in cases involving accidental death. Children must be unmarried, under the age of 18 (or 22 if attending school) or any age if disabled before age 18. If the employee has less than 18 months of civilian service or no eligible survivor annuitant at date of death, a lump-sum payment of his/her retirement contributions is payable. The contributions will be paid to the employee's

designated beneficiary or, in the absence of a designated beneficiary, in the order of precedence established under Federal statute.

**Survivor Benefits Payable:** A spousal annuity is 55% of an annuity computed as if the employee had retired on a disability retirement as of the date of death. Spouse receives 55% of the higher of 1 or 2 below:

- 1) An annuity computed under the general formula based on the deceased employee's high-3 average salary & length of service to date of death, including credit for unused sick leave.
- 2) A "guaranteed minimum" which is the *lesser of*:
  - 40% of the deceased employee's high-3 average salary; or
  - The regular annuity obtained after increasing the deceased employee's length of service by the period of time between the date of death and the date he or she would have been age 60.

**Children's Benefits:** For 2002 the single orphan rate is \$378 per month per eligible child or \$1,134 per month divided by the number of eligible children (4 or more children); the double orphan rate is \$453 per month per eligible child or \$1,359 per month divided by the number of eligible children (4 or more children). The amount payable is NOT reduced by any Social Security survivor benefits payable to the children.

***Single Orphan Rate*** is the benefit payable to a child when the child has a living parent who was married to the employee or retiree.

***Double Orphan Rate*** is the benefit payable to a child when the child has no living parent who was married to the deceased employee or retiree.

**Note:** For CSRS Offset employees, if a child is eligible for a Social Security benefit, the CSRS Offset benefit may be reduced or eliminated.

**Thrift Savings Plan:** All money in the employee's TSP account is payable in the order of precedence established by Federal statute.

**Death Gratuity Payment:** Section 651 of P.L. 104-208, the Omnibus Consolidated Appropriations Act, 1997, authorized payment of a death gratuity to the personal representative of an employee whose death results from an injury sustained in the line of duty on or after August 2, 1990. The amount payable is \$10,000 minus the amount payable by the Office of Workers' Compensation (OWCP) under 5 U.S.C. 8331(f), and 8134(a).

# **CSRS Annuitant Survivor Benefits**

**Retired Annuitant** - To report a death: Retirement Operations Center, Death Reporting & Inquiries 412-794-5216, Employee Service & Records Center, P.O. Box 200, Boyers, PA 16017; or OPM, 1-888-767-6738 (outside Washington, DC) or (202) 606-0500 (within Washington, DC area)

**Survivor Annuity** is payable to the spouse of a deceased annuitant only if the annuitant elected a reduced annuity to provide the survivor benefit. To qualify as a surviving spouse of a deceased annuitant, the individual must be married to the annuitant at the time of the annuitant's death and must meet one of the following:

- Must have been married for 9 months or have a child born of the marriage
- Death of the annuitant was accidental

The maximum possible survivor annuity is 55% of the deceased's annuity before it is reduced by the cost of the survivor benefit. The survivor annuity can be less than 55% if the annuitant elected to provide less than the maximum. Every COLA given an annuitant increases the survivor annuity by the same percentage.

If no survivor annuity is payable upon the retiree's death, any remaining portion of the lump sum credit that has not been paid to the retiree as annuity is payable to the person(s) entitled under the normal order of precedence.

If surviving spouse predeceases the retiree, the annuity is adjusted by OPM back to the amount the retiree would have received if no survivor election had been made. Prior payments made by the retiree to provide a survivor annuity will not be refunded.

**Children's Benefits:** For 2002 the single orphan rate is \$378 per month per eligible child or \$1,134 per month divided by the number of eligible children (4 or more children); the double orphan rate is \$453 per month per eligible child or \$1,359 per month divided by the number of eligible children (4 or more children).

- ***Single Orphan Rate*** is the benefit payable to a child when the child has a living parent who was married to the deceased employee or retiree.
- ***Double Orphan Rate*** is the benefit payable to a child when the child has no living parent who was married to the deceased employee or retiree.

# CSRS Death Benefits Summary

EMPLOYEE	FORMER EMPLOYEE	ANNUITANT
<p>1) Less than 21 years 11 months - 55% of the lesser of: 40% of high-3 or regular annuity projected to age 60</p> <p>2) at least 21 years 11 months - 55% of earned annuity</p> <p>3) children's survivor annuity</p> <p><b>If Surviving Spouse Is Not Eligible:</b> Lump sum payable as designated on the beneficiary form (if not on file, by order of precedence)</p>	<p>Lump sum payable as designated on the beneficiary form (if not on file, by order of precedence)</p> <p>1) widow/widower 2) child/children 3) parent 4) executor/administrator of estate 5) next of kin</p> <p><b>Note:</b> <i>This statutorily defined order is <u>not</u> superseded by the deceased employee's will.</i></p>	<p><b>(AS ELECTED)</b></p> <p>1) 55% of <u>unreduced</u> annuity; or if elected with spouse's consent, less than maximum (55% of elected base), or no survivor benefit. *CAUTION: court order to provide former spouse a benefit might affect current spouse's survivor annuity</p> <p>2) insurable interest - 55% of <u>reduced</u> annuity</p> <p>3) children's survivor annuity</p> <p><b>If Surviving Spouse Is Not Eligible:</b> lump sum payable as designated on the beneficiary form (if not on file, by order of precedence)</p>

# “Peace of Mind” Checklist

Are you prepared to handle a death in the family? Do you know the location of the important documents that you or your family will need in the event of a death?

YES	NO	
		Would you know if the deceased had a valid will and where to find an original copy?
		Would you know the names, addresses, and phone numbers of the deceased next-of-kin?
		Would you know the name, address and phone number of the attorney who prepared the deceased's will? Would you know if that will was ever filed?
		Would you know if the deceased had life insurance and where to find a copy of the insurance policies and/or policy number(s)?
		Would you know the deceased's Social Security number or the location of his/her Social Security Card?
		Would you know where to locate the deceased's birth certificate?
		Would you know where to locate the deceased's marriage certificate?
		Would you know where to locate the deceased's bank and checking account books?
		Would you know whether or not those bank and checking accounts are joint accounts?
		Would you know if the deceased had given a durable power of attorney to anyone? Would you know that person's name and identity?
		Would you know if the deceased had a living trust or an irrevocable trust and who administers the trust?



## **“Peace of Mind” Checklist (Continued)**

YES	NO	
		Would you know if the deceased served in the military and where to locate their military discharge papers (DD-214)?
		Would you know if the deceased had a safety deposit box? Do you know the location of the key to the box?
		Would you know where to find a ready source of cash the survivors can use to live on until the will is settled and to make a down payment on the funeral and non-funeral expenses?
		Would you know the location of the deceased’s credit cards and the card identification numbers?
		Would you know if the deceased had purchased a prearranged (pre-need) funeral?
		Are you aware of the deceased’s final wishes regarding a funeral and burial?
		Would you know the name and location of the funeral director?
		Would you know the amount payable and the type of funeral that had been arranged?
		Would you know where to find the pre-need funeral contract?
		If no prior arrangements have been made, would you know approximately what the average traditional funeral costs today?
		Would you know if the deceased had purchased a cemetery/burial space and where the space and deed are located?
		Would you know where to find a resume or record of the deceased’s current and past employment?

**FEDERAL EMPLOYEES'  
HEALTH BENEFITS  
PROGRAM  
(FEHB)**

***AND***

**FEDERAL EMPLOYEES'  
GROUP LIFE  
INSURANCE  
(FEGLI)**

## **Questions To Consider**

- **What health insurance coverage do I currently have?**
- **What are the requirements to continue my Federal Employees Health Benefits (FEHB) coverage into retirement?**
- **What is the cost of FEHB in retirement?**
- **Can I make changes to the FEHB plan once I retire?**
- **What Federal Employees' Group Life Insurance (FEGLI) coverage do I currently have?**
- **Am I eligible to continue my FEGLI into retirement?**
- **How much life insurance coverage will I have as an annuitant and what will it cost me?**
- **Do I have other life insurance and should I reduce my FEGLI?**
- **Are my beneficiary forms up-to-date?**
- **Do I need to make changes to my FEGLI coverage or FEHB coverage because of a life event?**

# **Federal Employees Health Benefits (FEHB)**

The Federal Employees Health Benefits Program is paid for through employee and employer contributions and is intended to assist you and your eligible family members with expenses of illness and injury. It is a voluntary program. However, if you do not enroll during your first opportunity, you will not be able to enroll until open season, or until another event occurs permitting enrollment. Events permitting enrollment changes are listed in the “Table of Permissible Events,” found on the form SF 2809. Contact your personnel office for more information.

## ***Who is Eligible to Enroll?***

- All CSRS and FERS covered employees.
- Employees serving on Term Appointments with regularly scheduled tours of duty.
- Temporary employees (only after completing one year of employment and beginning a second consecutive appointment).
- Part-Time employees.

## ***What the Program Offers You***

- An annual opportunity, during open season, to enroll in a health benefits plan or change enrollment selection, if already enrolled.
- A choice of plans and options with group-rated premiums and benefits.
- Guaranteed protection that cannot be canceled by the insurance carrier.
- Coverage without medical examination or restrictions because of age, current health or pre-existing medical condition.
- Coverage without waiting periods after the effective date of enrollment.
- A government contribution toward the cost of your plan.
- A payroll deduction method of making premium payments.
- A tax savings by allowing you to use pre-tax dollars to pay premiums.
- Temporary protection for 31 days without cost after coverage ends.
- Continued enrollment after retirement.
- Continued enrollment for eligible family members after the death of the employee or annuitant.

## ***Types of Plans Available***

### **Managed Fee-for-service Plans**

These plans provide reimbursement (full or partial) to you or your health care provider for covered services. Reimbursement is subject to copayments and deductibles. If enrolled in such a plan, you may choose your own physician, hospital, and other health care providers. These plans are considered “managed” because they all contain features such as precertification of hospital admissions and utilization review of on-going care. Most of the fee-for-service plans have preferred provider arrangements in many parts of the country. By using preferred providers, you can reduce out-of-pocket expenses and, in some cases, receive enhanced benefits. Fee-for-service plans include the Service Benefit Plan sponsored by Blue Cross and Blue Shield and plans sponsored by unions and

other employee organizations. Several employee organization plans are open to all eligible employees who are full or associate members of the organizations that sponsor the plans; other employee organization plans are restricted to employee organization groups and/or agencies.

### **Health Maintenance Organization Plans (HMOs)**

Prepaid plans are also referred to as comprehensive medical plans/health maintenance organizations. They provide or arrange for health care by designated physicians, hospitals, and other providers' in particular locations. Most services under a prepaid plan must be performed by the plan's participating providers.

### **Plans Offering a Point of Service (POS) Product**

Some FEHB plans have begun to blend their features. A number of fee-for-service and HMO plans now offer both forms of health care delivery, known as "in network" and "out of network." In an HMO that offers a POS product, the POS product acts like a fee-for-service plan: The HMO's enrollees may use non-affiliated (out of network) providers if they wish, but the services will cost them more, in terms of deductibles and coinsurance, than if they used plan providers.

In a fee-for-service plan with a POS product, the POS product acts like an HMO: If they agree to let their medical care be managed by a plan-affiliated gatekeeper physician (in network), plan enrollees will get a better benefit, usually in the form of richer benefits and lower copays or coinsurance.

### ***Types of Enrollment***

Self-Only Enrollment provides benefits only for you.

Self and Family enrollment provides benefits for you and your eligible family members.

### ***Family Members Eligible for Coverage***

In determining whether or not a person is a family member, it is that person's relationship to the insured that is controlling. A Self and Family enrollment covers all eligible family members.

- The employee's current spouse,
- The employee's unmarried dependent children under age 22, including legally adopted children and recognized natural (born out of wedlock) children,
- Stepchildren, foster children (which may include grandchildren) if they live with the employee in a regular parent-child relationship, and
- Unmarried dependent children age 22 or over who are incapable of self-support because of a mental or physical incapacity which existed before age 22.

### ***Premium Conversion***

Premium conversion is a method of reducing your taxable income by using pre-tax dollars to pay your health insurance premium. Under premium conversion, you do not pay Federal income tax and FICA taxes (Social Security and Medicare taxes) on that part of your salary that is used to pay your health insurance premium. In most cases, you also save on State and local income taxes. Premium conversion is automatic unless you waive it.

### ***Change to Self Only or Cancellation of Enrollment***

If you participate in premium conversion, you may change from self and family to self-only or cancel your enrollment:

- During the annual Open Season; or
- Within 60 days after you have a qualifying life event. Your change to self-only or cancellation must be consistent with and correspond to your qualifying life event.

If you do not participate in premium conversion, you may change to self-only or cancel your enrollment at any time.

### ***Qualifying Life Event***

Qualifying life event is a term used to describe events that may permit premium conversion election changes as described in IRS regulations and include the following:

- (1) Addition of a dependent;
- (2) Birth or adoption of a child;
- (3) Changes in entitlement to Medicare or Medicaid for you, your spouse, or dependent;
- (4) Change in work site;
- (5) Change in your employment status or that of your spouse or dependent from either full-time to part-time, or the reverse;
- (6) Death of your spouse or dependent;
- (7) Divorce or annulment;
- (8) Loss of a dependent;
- (9) Marriage;
- (10) Significant change in the health coverage of you or your spouse related to your spouse's employment;
- (11) Start or end of an unpaid leave of absence by you or your spouse; or
- (12) Start or end of your spouse's employment.

### ***Federal Employees Health Benefits Children's Equity Act of 2000***

Public Law 106-394 requires mandatory self and family coverage if you are eligible for FEHB coverage and you do not comply with a court or administrative order to provide health benefits for your children. If you are subject to such an order, you must enroll in self and family coverage in a plan that provides full benefits to your children in the area where they live or provide documentation that you have other health coverage for the children. If you do not enroll in an appropriate health plan or provide documentation of other coverage for the children, your agency must enroll you for self and family coverage in the standard option of the Blue Cross and Blue Shield Service Benefit Plan (enrollment code 105).

### ***Health Insurance While in Non-Pay Status***

If you are enrolled in the FEHB Program, you are responsible for payment of your regular premium for each pay period you are enrolled. When you enter nonpay status, or when your pay is insufficient to cover the cost of the premium, the employing office must provide you written notification of the following options:

- Continuing your enrollment and agreeing to pay the premium or incur a debt; or
- Terminating your enrollment. (If you are subject to a court or administrative order to provide health benefits for your children, you do not have the option of terminating coverage. You must

continue the coverage and either make direct premium payments or incur a debt to the Government.)

If you choose to continue your enrollment, payment of the premiums may be made either on a current basis, or when you return to work. If you choose to terminate your enrollment and avoid the indebtedness for the premium:

- The termination is subject to the 31-day temporary extension of coverage;
- You and any covered family members may convert to a nongroup contract; and
- You may re-enroll in any FEHB plan upon returning to pay and duty status, without having to wait for an open season or other enrollment event.

**If you fail to make an election within the 31-day time frame (45 days if you are overseas), your FEHB enrollment will automatically terminate.**

A termination is not considered a break in the continuous coverage necessary for continuing health insurance into retirement. However, the period during which the termination is in effect does not count toward satisfying the required 5 years of continuous coverage.

### ***Temporary Continuation of Coverage (TCC)***

TCC is a feature of the FEHBP. You and members of your family who lose their FEHB coverage because of a qualifying event may be eligible for TCC. For **you as an employee**, the only qualifying event is separation from the Federal service. However, you are not entitled to TCC if the separation is involuntary due to gross misconduct. The personnel office is responsible for deciding whether conduct that leads to an involuntary separation is “gross misconduct.” The TCC family enrollment covers the same family members as were covered under the regular family enrollment. The family members must continue to meet the same requirements as under a regular family enrollment.

For **children**, the qualifying events are as follows: marriage; reaching age 22; no longer meeting coverage requirements as a stepchild, foster child, or recognized natural child; in the case of children whose coverage has continued beyond age 22 because of their disability, marriage, recovering from the disability or becoming self-supporting; losing FEHB coverage upon the death of an employee or annuitant because he/she does not qualify for a survivor annuity; and losing FEHB coverage because his/her survivor annuity as a dependent of the deceased stops for any reason, including because he/she is no longer a full-time student. For children who have a TCC family enrollment, the enrollee’s (child’s) spouse and children are covered family members.

**Former Spouses** may have entitlement to TCC if the marriage ends other than by death. The qualifying events are divorce and annulment of the marriage. For a former spouse, family members are limited to those individuals who are children of both the employee and the former spouse. The new husband or wife of a remarried former spouse is not covered as a family member.

**Separating employees** can continue TCC for up to 18 months after the date of separation. **Children** and **former spouses** can continue TCC for up to 36 months after the date of the qualifying event. The effective date of the TCC enrollment for a separating employee is the 32<sup>nd</sup> day after the end of the pay period in which you separate. For a child and former spouse, the effective date is the 32<sup>nd</sup> day after the event. If the enrollment is delayed, coverage is retroactive to the effective date and a lump sum premium payment must be made retroactively.

TCC enrollees must pay the full premium for the plan they select (that is, both the employee and Government share of the premium) plus a 2 percent administrative charge. TCC is administered by the National Finance Center (NFC) in New Orleans, Louisiana. When TCC expires, you will be given a 31-day temporary extension of coverage and an opportunity to convert to a private policy.

### ***Thirty-one-day Temporary Extension of Coverage and Conversion to a Nongroup Contract***

If you lose FEHB coverage other than by cancellation, you have a 31-day temporary extension of coverage at no cost and can convert to a nongroup policy. This also applies to any family member who loses coverage other than by your voluntary cancellation. Generally, fewer benefits are provided under a conversion contract and premium rates are more expensive. The effective date of a conversion contract is the day after the 31-day temporary extension of FEHB coverage ends.

### ***Disputed Claims Review - Plan and Participant Responsibilities***

If a claim for payment or services is denied by a Plan, you must ask the Plan, in writing, within six months of the denial, to reevaluate its denial before you request a review by OPM. The written request to the Plan should state all pertinent information regarding the claim for payment or service that should have been provided. Refer to specific benefit provisions where possible. Within 30 days after receipt of the request for reconsideration, the Plan must affirm the denial in writing to you, pay the claim, provide the service or request additional information reasonably necessary to make a determination. If the Plan asks a provider for information, it will send you a copy of this request at the same time. The Plan has 30 days after receiving the information to make its decision. If this information is not supplied within 60 days, the Plan will base its decision on the information it has on hand.

If the Plan affirms its denial, you have the right to request a review by OPM to determine whether the Plan's actions are in accordance with the terms of its contract. You must request the review within 90 days after the date of the Plan's letter affirming its initial denial. You may also ask OPM for a review if the Plan fails to respond within 30 days of the written request for reconsideration or 30 days after additional information was supplied to the Plan. The written request for an OPM review should state why you believe the Plan should have paid the denied claim. The request packet should include all correspondence to and from the carrier. Refer to specific benefit provisions in the Plan's brochure. If the Plan has reconsidered and denied more than one unrelated claim, the documents for each claim should be clearly identified.

Requests for an OPM review must be submitted within 90 days after date of the Plan's notice that the denial is affirmed; or 120 days after the date of the individual's request, if the Plan fails to respond to an individual's timely request for reconsideration to OPM. Requests for review must be submitted to OPM at the address found in your Plan's brochure under "disputed claims."



# **FEHB Changes for Employees**

There are certain events that permit enrollment changes for employees. There is a table of permissible events located on the back of the SF 2809, Employee Health Benefits Election Form. The following are examples of these events:

**Table of Permissible Changes in Enrollment**

	<i>Events That Permit Enrollment or Change</i>	<i>Changes Permitted</i>			<i>Time Limits</i>
<i>Code</i>	<i>Event</i>	<i>From Not Enrolled To Enrolled</i>	<i>From Self Only to Self and Family</i>	<i>From One Plan or Option to Another</i>	<i>When You Must file Health Benefits Election Form With Your Employing Office</i>
<b>1</b>	<b>Employee</b>				
1A	Initial opportunity to enroll	Yes	N/A	N/A	Within 60 days after becoming eligible.
1B	Open Season	Yes	Yes	Yes	As announced by OPM.
1C	Change in family status; for example: marriage, birth or death of family member, adoption, legal separation, or divorce.	Yes	Yes	Yes	From 31 days before through 60 days after event.
1D	Change in employment status; for example <ul style="list-style-type: none"> <li>• Reemployment after a break in service of more than three days;</li> <li>• Return to pay status following loss of coverage due to expiration of 365 days of LWOP status or termination of coverage during LWOP;</li> <li>• Return to pay sufficient to make withholdings after termination of coverage during a period of insufficient pay;</li> <li>• Restoration to civilian position after servicing in uniformed services;</li> <li>• Change from temporary appointment to appointment that entitles employee receipt of Government contributions;</li> <li>• Change to or from part-time career employment</li> </ul>	Yes	Yes	Yes	Within 60 days of employment status change.

**These examples show only a sampling of events that allow employees to make changes in their health benefits.**

# **Requirements For Continuing Enrollment Into Retirement**

You may continue health benefits coverage into retirement, if you:

- Retire on an immediate annuity (one which commences within 30 days of separation from service - Not a Deferred Annuity), and
- Have been enrolled (or covered as a family member) under the FEHB program for:
  - The 5 years of service immediately preceding retirement, or
  - All service since first opportunity to enroll.

*Coverage under the Uniformed Service Health Benefits Program, which includes CHAMPUS, TRICARE, etc., can be included to meet the 5-year requirement. Also coverage as a family member under FEHB or CHAMPUS/TRICARE counts for the 5-year requirement. You must be enrolled and coverage must be effective prior to retirement.*

Note: A survivor annuity must be elected if a surviving spouse is to be eligible to continue enrollment under the FEHB. A surviving spouse who is a Federal employee/annuitant and was covered as a family member of the deceased annuitant's plan, can enroll even though no survivor annuity was elected because of his/her own eligibility. A current spouse, who is affected by a court ordered former spouse maximum survivor annuity, can continue FEHB coverage in the event of the annuitant's death if a contingency survivor annuity or insurable interest election was made.

If you do not meet the eligibility requirements to continue FEHB coverage into retirement, your benefits will terminate upon separation (coverage will continue for 31 days). You can convert to a nongroup health benefits contract or elect Temporary Continuation of Coverage (TCC) which is an 18-month extension of coverage in which you pay 102% of the premium (annuitant's share, government share and administrative fee).

# FEHB Changes for Annuitants

There are certain events that permit enrollment changes for annuitants. For any change, contact the Office of Personnel Management for information. There is a table of permissible events located on the back of the SF 2809-1, Annuitant/OWCP Health Benefits Election Form. The following are examples of these events:

**Table of Permissible Changes in Enrollment for SF 2809-1  
Enrollment May Be Cancelled or Changed From Family to Self Only at Any Time**

<i>Events That Permit Enrollment or Change</i>		<i>Changes Permitted</i>			<i>Time Limits</i>
<i>Code</i>	<i>Event</i>	<i>From Not Enrolled To Enrolled</i>	<i>From Self Only to Self and Family</i>	<i>From One Plan or Option to Another</i>	<i>When You Must file Health Benefits Election Form With Your Employing Office</i>
<b>2</b>	<b>Annuitant (Includes Compensationers)</b>				
2A	Open Season	No	Yes	Yes	As announced by OPM.
2B	Change in Family Status; for example: marriage birth or death of family member, adoption, legal separation, or divorce.  (Enrolled survivor annuitant: a change in family status based on additional family members can only occur if the additional eligible family members are family members of the deceased employee or annuitant.	No	Yes	Yes	From 31 days before through 60 days after the event
2C	Reenrollment of annuitant who cancelled FEHB enrollment to enroll in a Medicare-sponsored Coordinated Care Plan (Medicare HMO), Medicaid, or similar State-sponsored program and who later was <b>involuntarily</b> disenrolled from the Medicare HMO, Medicaid, or similar State-sponsored program	May Reenroll	N/A	N/A	From 31 days before through 60 days after disenrollment.
2D	Reenrollment of annuitant who cancelled FEHB enrollment to enroll in a Medicare-sponsored Coordinated Care Plan (Medicare HMO), Medicaid, or similar State-sponsored program and who later <b>voluntarily</b> disenrolls from the Medicare-sponsored Coordinated Care Plan (Medicare HMO), Medicaid, or similar State-sponsored program.	May Reenroll	N/A	N/A	During open season.

**These examples show only a sampling of events that allow annuitants to make changes in their health benefits.**

# Medicare

## *Basic Information and Considerations*

Medicare is our country's health insurance program for people age 65 or older, certain people with disabilities who are under 65, and people of any age who have permanent kidney failure. It provides basic coverage, but it does not cover all medical expenses or the cost of most long-term care.

### *Medicare Part A And Part B*

Medicare consists of two parts. **Hospital Insurance**, "Part A"; **Medical Insurance**, "Part B".

PART A includes:

- Hospitalization
  - Post Hospital Skilled Nursing Facility Care
  - Home Health Care
  - HOSPICE Care
  - Blood
- PART A **does not** cover 100% of these expenses. A graduated payment by number of days the care is required is applied. You would be responsible for the remainder. FEHB will cover some of the expenses, but you should ensure that you understand what is and isn't paid by Medicare and/or FEHB, by checking with local Medicare representatives and consulting your FEHB plan brochure or carrier representative.
  - PART A has been paid for through Federal Insurance Contributions Act (FICA) taxes on wages while you were/are employed; therefore, there is no premium. You should sign up as soon as you are eligible if you are not already receiving Social Security benefits. If you are already receiving Social Security benefits before age 65, you are automatically enrolled in Medicare.
  - PART B provides the following coverage:
    - Doctor's Services
    - Ambulance Services
    - Outpatient Hospital Treatment
    - X-rays

You are automatically eligible to enroll in Part B when you are eligible for Part A. However, Part B has a monthly premium (for example, 2002 rate is \$54.00 per month per person), which changes each January. If you fail to enroll in Part B at your first opportunity, there is a 10% penalty applied for each year following the year in which you become eligible. However, if you are a Federal employee covered by FEHB and continue to work past Medicare eligibility you will not be affected by the 10% increase.

### ***How To Enroll***

You have from 3 months before your 65th birthday and through the end of the 3rd month following the month in which you reach 65 to sign up for Medicare Part B. If you do not enroll during this 7-month period there is a general enrollment period from January 1 through March 31 each year. Coverage begins the following July. **Don't forget about the penalty for the delay!**

### ***FEHB & Medicare***

While FEHB and Medicare generally compliment each other in coverage, often a gap in coverage occurs for custodial nursing home care. If you are eligible for FEHB, and Medicare, and are contemplating retirement, you should check with your FEHB plan representative to identify how these two programs work together. Medicare is the primary coverage for annuitants (and spouses who are covered under a self and family enrollment) who are age 65 or older and retired; FEHB becomes the secondary insurance. Federal employees who continue to work beyond age 65 or older, and are enrolled in FEHB, FEHB continues as their primary coverage and Medicare as the secondary. More information on Medicare may be obtained by contacting Social Security at **1-800-772-1213**.

# Medicare & FEHB Primary Payer Chart

<b>When Either You or Your Covered Spouse are Age 65 or over, Have Medicare and FEHB, and You are:</b>	<b>The Primary Payer is:</b>
An active employee with Federal government (including when you or a family member are eligible for Medicare solely because of a disability)	FEHB
An annuitant	Medicare
A reemployed annuitant with Federal government	FEHB, if position not excluded from FEHB (ask your employing office)
A Federal judge who retired under title 28, U.S.C., or a Tax Court judge who retired under Section 7447 of title 26, U.S.C. (Or your covered spouse is this type of judge)	Medicare
Enrolled in Part B only, regardless of your employment status	Medicare, for Part B services
A former Federal employee receiving Workers' Compensation and the Office of Workers' Compensation has determined that you are unable to return to duty	Medicare, except for claims related to the Workers' Compensation injury or illness
<b>When You or a Covered Family Member Have Medicare Based on End Stage Renal Disease (ESRD) and FEHB, and:</b>	<b>The Primary Payer is:</b>
Are within the first 30 months of eligibility to receive Part A benefits solely because of ESRD	FEHB
Have completed the 30-month ESRD coordination period and are still eligible for Medicare due to ESRD	Medicare
Become eligible for Medicare due to ESRD after Medicare became primary for you under another provision	Medicare
<b>When You or a Covered Family Member have FEHB and:</b>	<b>The Primary Payer is:</b>
Are eligible for Medicare based on disability	Medicare, if you are an annuitant. FEHB, if you are an active employee

# **FEGLI**

## **FEDERAL EMPLOYEES' GROUP LIFE INSURANCE**

### **Your Life Insurance at a Glance**

#### **BASIC LIFE**

- Life insurance coverage is equal to your actual rate of annual basic pay rounded up to the next \$1,000, plus \$2,000, or \$10,000, whichever is greater.
- Extra benefit ... Double life insurance benefits until age 36, decreasing at 10% per year until age 45, at which time the extra coverage will end.
- Accidental Death and Dismemberment (AD&D) coverage; Extra Benefit shown above does not apply to AD&D.

*You must elect Basic Life to be eligible for the Options.*

**PLUS**

#### **OPTION A—STANDARD**

- Life insurance coverage of \$10,000
- AD&D coverage up to the face amount of your Option A coverage.

#### **OPTION B—ADDITIONAL**

- You may elect coverage equal to one, two, three, four, or five times your actual rate of annual basic pay (after basic pay is rounded up to the next \$1,000).

#### **OPTION C—FAMILY**

- Spouse – \$5,000 life insurance coverage. You may choose from one to five multiples of coverage
- Each eligible dependent child – \$2,500 life insurance coverage. You may choose from one to five multiples of coverage

# **Federal Employees' Group Life Insurance**

## **(FEGLI)**

You as an eligible employee may enroll in the FEGLI Program. Participation is voluntary. You are automatically covered for Basic Life unless you waive coverage. FEGLI is a group insurance plan that provides term life insurance with no cash or loan value.

There are three components to FEGLI Basic Life insurance. The first component is life insurance coverage equal to your annual basic pay plus \$2,000, or \$10,000, whichever is greater (this is known as the Basic Insurance Amount (BIA)). The second component is an extra benefit equal to double life insurance benefits until age 36, decreasing by 10% per year until age 45 when the extra benefit ends. The third component is Accidental Death and Dismemberment (AD&D) coverage equal to your BIA.

The Office of Federal Employees' Group Life Insurance (OFEGLI) will not pay AD&D benefits if your death or loss in any way results from, is caused by, or is contributed to by:

- physical or mental illness;
- the diagnosis of or treatment of physical or mental illness;
- ptomaine or bacterial infection. (However, OFEGLI will pay AD&D benefits if the loss is caused by an accidentally sustained external wound.);
- hernia, no matter how or when sustained;
- a war (declared or undeclared), any act of war, or any armed aggression against the United States, in which nuclear weapons are actually being used;
- a war (declared or undeclared), any act of war, or any armed aggression or insurrection in which you are in actual combat at the time bodily injuries are sustained;
- suicide or attempted suicide;
- injuring yourself on purpose;
- illegal or illegally obtained drugs that you administer to yourself;
- driving a vehicle while intoxicated, as defined by the laws of the jurisdiction in which you were operating the vehicle.

Premiums for FEGLI are deducted from your wages. The Federal government pays one-third of the cost of the FEGLI's Basic Life premium. Optional insurance premiums (i.e., Option A - Standard; Option B - Additional; Option C - Family) are paid by you according to a formula (see Life Insurance Worksheet). For the various FEGLI options, the premium costs increase with age, salary increase and/or increase in your level of coverage.

The amount of insurance you need should be based on your personal and family situation, savings and investment portfolio, and long and short-term plans. You may reduce or cancel your coverage at any time.



The latest, valid designation of beneficiary form (SF 2823) on file will determine who receives benefits in the event of your death. However, effective July 22, 1998, Public Law 105-205 established an exception to using the statutory order of precedence regarding who is entitled to receive life insurance proceeds under FEGLI upon the death of an enrollee. Pursuant to that law, the order of precedence is not used to pay life insurance if there is anyone expressly provided to receive the benefits in a court decree of divorce, annulment, or legal separation or the terms of any court order or court-approved property settlement agreement.

If there is no court order and no SF 2823 on file, the benefit will be paid in the normal order of precedence (i.e., widow/widower, children, parents, executor/administrator of estate, and next of kin, in that order). If you do not want the benefit to be paid in the normal order of precedence, or if you wish to change your current designation, you must submit a new SF 2823. Designation of beneficiary forms can be obtained from your personnel office or OPM's Web site ([www.opm.gov](http://www.opm.gov)) and may be submitted at any time.

# Requirements For Continuing Enrollment Into Retirement

You may continue life insurance into retirement if you:

- Retire on an immediate annuity,
- Are insured on date of retirement, and
- Have been covered for the 5 years of service immediately preceding retirement, or since the first opportunity to enroll.

*The accidental death and dismemberment feature ceases at retirement.*

**In the Basic Coverage, the reduction in post-retirement basic life insurance coverage after age 65 depends upon election at the time of retirement. The election is made on an SF 2818, “Continuation of Life Insurance Coverage” at the time of retirement.**

- **75% Reduction** - Reduced 2% per month down to 25% of basic amount in force at the time of retirement.
- **50% Reduction** - Reduced at 1% per month down to 50% of basic amount in force at the time of retirement.
- **No Reduction** - Remains at full value -- does not reduce.

Coverage Election	Premium to Age 65 (per \$1,000)	Premium After Age 65 (per \$1,000)
75% Reduction	\$0.3358	\$0.00
50% Reduction	\$0.9258	\$0.59
No Reduction	\$2.3758	\$2.04

For those employees who continue to work after reaching age 65, the insurance coverage remains the same as for all other employees.

**Option A coverage after retirement:** Cost continues up to age 65 at the same employee rate. There is no cost after age 65 and the amount of optional insurance begins to reduce 2% per month of face value until the insurance reduces to \$2,500.

**Option B coverage after retirement:** Upon retirement the employees may choose the number of multiples (for which they are eligible) to continue. The retiring employee who has more than one multiple must elect either full reduction or no reduction for all multiples.

- (1) **Full Reduction:** Cost continues up to age 65 at the same rate as active employees. There is no cost after age 65 and the amount begins to reduce 2% per month until the amount has been reduced 100%. Insurance stops at 12:00 noon on the day before the 50<sup>th</sup> reduction; after that no benefits are

payable upon the employee's death. The annuitant may not change to *no reduction* more than 30 days after he/she receives the first annuity check. An individual who does not make an election will automatically get *full reduction*.

- (2) **No Reduction:** Annuitant will continue to pay at the same rate as active employees. Coverage will not reduce when annuitant reaches age 65 and premiums will continue to be withheld from the annuity after age 65. The annuitant may change to *full reduction* at any time.

**Option C coverage after retirement:** Employees who are eligible to continue Option C have two choices of Option C reduction upon retirement. The employee must elect either full reduction or no reduction for all multiples if he/she has more than one multiple.

- (1) **Full Reduction:** Cost continues up to age 65 at the same rate as active employees. There is no cost after age 65 and the amount begins to reduce 2% per month until the amount has been reduced 100%. The insurance stops at 12:00 noon on the day before 50<sup>th</sup> reduction; after that no benefits are payable upon the death of an eligible family member. The annuitant may not change to *no reduction* more than 30 days after he/she receives the first annuity check. An individual who does not make an election will automatically get *full reduction*.
- (2) **No Reduction:** Coverage will not reduce. Premiums will continue to be withheld from the annuity after age 65 and cost will be at the same rate as active employees. The annuitant may change to *full reduction* at any time.

# Example

Employee, age 57, has a salary of \$26,745, and has elected FEGLI coverage of Standard, 2 x pay, and family coverage.

Coverage	Insurance Value	Cost Biweekly
<b>Basic</b>	\$29,000	\$4.50
<b>Standard</b>	10,000	2.70
<b>Additional 2X</b>	54,000	16.74
<b>*Family</b>	0	1.45
<b>Total</b>	\$93,000	\$25.39

At retirement (age 57), the employee elected the **75%** reduction for Basic, kept all the options and elected the *Full Reduction* for Options B and C. The costs in retirement until age 65 are (premiums are withheld from annuities on a monthly basis).

Coverage	Value	Monthly Cost	Cost After 65	Final Value
<b>Basic</b>	\$29,000	\$9.74	No Charge	\$7,250
<b>Standard</b>	10,000	5.85	No Charge	2,500
<b>Additional 2X</b>	54,000	36.29	No Charge	0
<b>*Family</b>	0	3.14	No Charge	0
<b>Total</b>	\$93,000	\$55.02		\$9,750

At retirement at age 57, the employee elected the 75% reduction for Basic, kept all the options and elected *No Reduction* for Options B and C after age 65.

Coverage	Value	Monthly Cost	Cost After 65	Final Value
<b>Basic</b>	\$29,000	\$9.74	No Charge	\$7,250
<b>Standard</b>	10,000	5.85	No Charge	2,500
<b>Additional 2X</b>	54,000	36.29	\$81.92	54,000
<b>*Family</b>	0	3.14	6.50**	0
<b>Total</b>	\$93,000	\$55.02	\$88.42	\$63,750

\*Minimum Family coverage insures your eligible family members, \$5,000 for your spouse and \$2,500 for eligible children.

\*\*Premium rate will increase at age 70 to \$7.37.

Note: Premiums for Option B and C will increase as annuitant reaches the next age band (See Table of Withholding Rates).



Continuation of Life Insurance Coverage  
As an Annuitant or Compensation  
Federal Employees' Group Life Insurance (FGLI) Program

Important:  
Read instructions on pages 1 - 4  
before completing this form.

Identifying Information

1. Employee's name (last, first, middle)	2. Date of birth (mm/dd/yyyy)	3. Social Security number
4. Employing department/agency	5. Work location (city, state, ZIP code)	6. Compensation claim number (if applicable)

Basic Life Insurance

7. Do you want to have Basic Life insurance in retirement/compensation if you are eligible?

☐ Yes (If yes, complete item 8.) ☐ No ☐ I received a full Living Benefit. (skip to item 9)

8. What level of Basic do you want in retirement/compensation? Check only one box. If you received a partial Living Benefit, you must check No Reduction.

☐ 75% Reduction ☐ 50% Reduction ☐ No Reduction

Signature (Do not print.) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable. Date (mm/dd/yyyy)

Option A — Standard Optional Insurance

9. Do you want to have Option A in retirement/compensation if you are eligible? To continue Option A, you must also continue Basic.

☐ Yes ☐ No ☐ I don't have Option A.

Signature (Do not print.) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable. Date (mm/dd/yyyy)

Option B — Additional Optional Insurance

10. Do you want to have Option B in retirement/compensation if you are eligible? To continue Option B, you must also continue Basic.

☐ Yes (If yes, complete items 11-12.) ☐ No ☐ I don't have Option B.

11. How many multiples of Option B do you want to have in retirement/compensation? You can have up to the number of multiples you are eligible to have. See the instructions.

(number of multiples)

12. What coverage level do you want for Option B? Check only one box.

☐ Full Reduction or ☐ No Reduction

Signature (Do not print.) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable. Date (mm/dd/yyyy)

Option C — Family Optional Insurance

13. Do you want to have Option C in retirement/compensation if you are eligible? To continue Option C, you must also continue Basic.

☐ Yes (If yes, complete items 14-15.) ☐ No ☐ I don't have Option C.

14. How many multiples of Option C do you want to have in retirement/compensation? You can have up to the number of multiples you are eligible to have. See the instructions.

(number of multiples)

15. What coverage level do you want for Option C? Check only one box.

☐ Full Reduction or ☐ No Reduction

Signature (Do not print.) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable. Date (mm/dd/yyyy)



## LIFE INSURANCE WORKSHEET

Instructions	How much insurance you have	Instructions	How much it costs																								
<b>BASIC</b>																											
1. Enter your current actual rate of annual basic pay.*	\$	7a. Divide the amount in line 5 by \$1,000.																									
2. If not an even thousand, round up to the next thousand.	\$	7b. If you are paid biweekly, multiply line 7a by \$0.1550. If you are paid monthly, multiply line 7a by \$0.3358. This is how much you pay for Basic (the Extra Benefit based on your age at death is provided at no additional cost to you).	\$																								
3. Add \$2,000.	+\$2,000																										
4. Add the amounts in lines 2 and 3.	\$	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Your Age</th> <th style="width: 50%;">Age Multiplication Factor</th> </tr> </thead> <tbody> <tr><td>35 or under</td><td>2.0</td></tr> <tr><td>36</td><td>1.9</td></tr> <tr><td>37</td><td>1.8</td></tr> <tr><td>38</td><td>1.7</td></tr> <tr><td>39</td><td>1.6</td></tr> <tr><td>40</td><td>1.5</td></tr> <tr><td>41</td><td>1.4</td></tr> <tr><td>42</td><td>1.3</td></tr> <tr><td>43</td><td>1.2</td></tr> <tr><td>44</td><td>1.1</td></tr> <tr><td>45 and over</td><td>1.0</td></tr> </tbody> </table>	Your Age	Age Multiplication Factor	35 or under	2.0	36	1.9	37	1.8	38	1.7	39	1.6	40	1.5	41	1.4	42	1.3	43	1.2	44	1.1	45 and over	1.0	There is no additional cost to you for the Extra Benefit.
Your Age	Age Multiplication Factor																										
35 or under	2.0																										
36	1.9																										
37	1.8																										
38	1.7																										
39	1.6																										
40	1.5																										
41	1.4																										
42	1.3																										
43	1.2																										
44	1.1																										
45 and over	1.0																										
5. Enter the amount in line 4, or \$10,000, whichever is greater.	\$																										
6. Enter the Age Multiplication Factor* (from the table at the right).																											
7. Multiply the amount in line 5 times the amount in line 6. This is the total amount of Basic you have at your present age.*	\$																										
<b>OPTION A - STANDARD</b>																											
8. Enter \$10,000.	\$	8a. Enter the Option A cost for your age group from the table below. This is how much you pay for Option A.	\$																								
<b>OPTION B - ADDITIONAL</b>																											
9. Enter the amount in line 2.	\$	11a. Divide the amount in line 11 by \$1,000.																									
10. Enter the number of multiples you elect (1, 2, 3, 4, or 5).		11b. Enter the Option B cost for your age group from the table below.	\$																								
11. Multiply the amount in line 9 times the amount in line 10. This is the amount of your Option B coverage.	\$	11c. Multiply the amount in line 11a times the amount in line 11b. This is how much you pay for Option B.	\$																								
<b>OPTION C - FAMILY</b>																											
12. You may choose from 1 to 5 multiples of Family Coverage. Each multiple is equal to \$5,000 for your spouse and \$2,500 for each of your eligible children.		12a. Enter the Option C cost for your age group from the table below: \$ _____. Enter the number of multiples you want (from 1 to 5): x _____. Multiply the cost by the number of multiples and enter that amount in the box at right.	\$																								
13. Add the amounts in lines 7, 8, and 11. This is the total amount of insurance on your life.	\$	13a. Add the amounts in lines 7a, 8a, 11c, and 12a. This is the total withholding for the life insurance you have on your life and your family.	\$																								

\* The age multiplication factor that is used to calculate death benefits corresponds to your age at the time of your death. You are calculating the amount of insurance that you have at your present age.

**TABLE OF WITHHOLDING RATES**

Your Age	Basic		Option A - Standard		Option B - Additional <sup>1</sup>		Option C - Family	
	Withholding per \$1,000 Insurance	Monthly	Withholding per \$10,000 Insurance	Monthly	Withholding per \$1,000 Insurance	Monthly	Withholding per Multiple	Monthly
Under age 30			\$ 0.30	\$ 3.60	\$ 0.03	\$ 0.36	\$ 0.27	\$ 3.24
30 through 39			0.40	4.80	0.04	0.48	0.34	4.08
40 through 44			0.50	6.00	0.05	0.60	0.45	5.40
45 through 49			0.60	7.20	0.06	0.72	0.54	6.48
50 through 54			0.70	8.40	0.07	0.84	0.63	7.56
55 through 59	\$0.1500	\$0.3358	0.80	9.60	0.08	0.96	0.72	8.64
60 through 64			0.90	10.80	0.09	1.08	0.81	9.72
65 through 69			1.00	12.00	0.10	1.20	0.90	10.80
70 and over			1.10	13.20	0.11	1.32	1.00	12.00

If rates change, your human resource officer will tell you.

<sup>1</sup> These are the 1998 rates. They may change in future years.

<sup>2</sup> Effective on your first pay period that starts on or after April 24, 2000.

# **Comparison Chart**

## **Viatical Settlement & FEGLI**

### **Living Benefit**

	Viatical Settlement Agreement	FEGLI Living Benefit
Earliest Date Available	October 3, 1994 (for all enrollees)	July 25, 1995
Life Expectancy Requirement	24 months or less (generally)	9 months or less
Insurance Involved	100% of Basic, Option A and Option B (if held) (100% must be assigned, although not necessarily all to the same person or firm)	100% of Basic (employees and annuitants)  Part of Basic (employees only—must be a multiple of \$1,000)
Percentage of Face Value Paid to Employee/Annuitant	60 to 85 percent  The percentage varies, and is negotiated with the Viatical Settlement Firm (VSF)	94 percent (approximately)
Source of Payment	VSF to whom benefits are assigned (sold)	FEGLI Program
Residual Life Insurance Benefit	None, unless the VSF agrees to accept only a percentage of the assignment or to designate a portion to a survivor	Option A and Option B, if held, and remaining Basic if partial living benefit elected.  This residual life insurance may be assigned.
Payment of Premiums  Payments received after December 31, 1996, will not be subject to Federal income tax.	Employee or annuitant continues to pay full premiums and cannot cancel the premiums.  VSF may agree to reimburse the employee/annuitant directly for premiums paid	Premium payments for Basic end for annuitant and employees who elect a full living benefit.  For employees who elect partial living benefits, premiums are prorated depending on the amount of Basic remaining.

# **Assignment of FEGLI Coverage**

**An assignment is an irrevocable transfer of ownership of the employee's FEGLI coverage (except dismemberment insurance and Option C—Family) on an RI 76-10 to one or more individual(s), corporation(s), or trustee under the following circumstances:**

- To comply with a court order
- For inheritance tax purposes
- To obtain cash before death (viatical settlement—an exchange of life insurance case of terminally ill patients who are within 24 months of their anticipated death)
- To pay off debts

## **Rights of the Employee after Assignment:**

- Continue Option C-Family coverage (if previously elected) elect more insurance (i.e., marriage, birth of child, etc.)
- Elect a reduction schedule for Basic Life that is less than 75% standard deduction at the time of retirement. If the retiring employee elects a lesser reduction (no reduction or 50% reduction), he/she may not later cancel the election.

## **After Assignment of Life Insurance:**

- Employee continues to be the insured person
- Employee cannot cancel or reduce the assignment
- Designation of beneficiary on file at the time of assignment is void
- Employee may not convert the insurance to a private policy when it terminates
- May not elect a Living Benefit

## **Rights of the Assignee(s):**

- Cancel the insurance coverage
- Cancel a retired employee's election of a lesser reduction (50% or no reduction) of Basic Life
- Designate and change beneficiaries
- Convert to a private policy when the coverage terminates (but not when the assignee voluntarily cancels it)
- Reassign the insurance

## **The Assignee may not:**

- Increase the amount of insurance as a result of any event
- Elect a Living Benefit
- Make the original election of a reduction schedule for Basic Life when the employee retires

## **Termination of Assignment:**

- 31-days after the life insurance terminates unless the insured person is reemployed during the 31-day period in a position in which the insurance resumes
- Once terminated the assignment does not resume if the person is later reemployed in a position in which he or she has again FEGLI coverage. Employee must make a new assignment if he or she wants someone else to have ownership of the life insurance.
- There is no 31-day temporary extension of coverage. The assignment terminates permanently at the same time the life insurance terminates.



# **THRIFT SAVINGS PLAN (TSP)**

# **Starting sooner will take you farther**

**If you earn \$26,000 a year and save 5% of your pay each year  
in the TSP until age 65, assuming you earn  
7% interest, your money will grow to:**

*And finish with this  
much at age 65:*

**Start at Age 30**                       **\$194,546**

**Start at Age 40**                       **\$ 87,502**

**Start at Age 50**                       **\$ 34,237**

The amounts in these examples are the result of an employee saving \$50 per biweekly pay period (5% of \$26,000 annual salary divided by 26 pay periods) and assume a 7% annual rate of return.

*Contribution limits have been increased for CSRS employees. In 2002, CSRS employees can contribute up to 7% of their base gross pay. Each January, until 2006, the limit will increase by 1%. In 2006, the limit will be eliminated, and CSRS employee contributions will only be limited by the IRS annual deferral limit. The deferral limit for 2002 is \$11,000. The limit will be \$15,000 in 2006.*

# **Thrift Savings Plan (TSP)**

Web Site: [www.tsp.gov](http://www.tsp.gov)  
TSP ThriftLine: (504) 255-8777

TSP is a defined contribution retirement savings and investment plan for Federal employees. Participation is voluntary. The TSP gives you the opportunity to invest pre-tax contributions, and gives you five investment funds to choose from. There are two open seasons each year. The open seasons run from May 15 – July 31, and from November 15 – January 31. During these open seasons, you can make an election to start or change the amount of your TSP contributions. Beginning in May 2002, you can change the way your current contributions are allocated at any time directly with the TSP by using the TSP Web site, the TSP ThriftLine, or Form TSP-50 (Investment Allocation). You can make an interfund transfer at any time during the year if you wish to reallocate the way your prior contributions are invested.

As long as the money remains in the TSP, it accumulates on a tax-deferred basis. However, when an employee receives the monetary distribution, it is subject to Federal income tax. In addition to the ordinary income tax you pay on withdrawals, in certain situations, the Internal Revenue Code imposes a penalty tax that is 10% of the total amount you receive from the TSP. This will occur if you separate or retire for reasons other than disability retirement before the year in which you reach age 55 and you withdraw your account balance in a single payment or a series of equal payments. In this case, you will be subject to the penalty tax on all amounts that you receive before age 59 1/2. However, if you separate or retire during or after the year in which you reach age 55, you will not be subject to the penalty tax on a withdrawal.

## **Withdrawal Options**

Upon separation from Federal employment, you have several options.

- Leave money in TSP.
- Transfer TSP account money to an IRA or other eligible retirement plan.
- Receive TSP account balance in a lump sum payment.
- Receive TSP account balance in equal monthly installments.
- Purchase a Life annuity through TSP (must have \$3,500 in account).

IRS requires that you begin to receive payments from your account by April 1 of the year following the year that you become age 70 1/2. (This does not apply if you are still employed.) Your minimum distribution will be calculated based on your account balance and life expectancy.

## **TSP Web site and ThriftLine**

The TSP website and Thrift Line provide general plan information, and allow participants to:

- Make, change, or cancel interfund transfers
- Change or request a PIN
- Check the status of loan or withdrawal requests
- Determine current account balance
- Determine amount available for a loan
- Change the allocation of current contributions

On the website, you can also download TSP forms and materials, and use interactive calculators to project future account balance or estimate annuity payments.

# TSP Annuities

An annuity is one of several options that you have for withdrawing your TSP account. If you choose an annuity, it provides you a monthly income for life. However, you should not confuse a TSP annuity with your retirement annuity that is paid upon meeting CSRS or FERS eligibility requirements.

## **Factors that Affect Amount of Annuity --**

- Your selected annuity option
- Your age when your annuity is purchased (and the age of your joint annuitant)
- The balance of your TSP account used to purchase your annuity
- Market interest rate levels when your annuity is purchased

***Caution: Because you cannot change your election or terminate your annuity after it is purchased, be sure you understand your options before you make your choice.***

## **Types of TSP Annuities:**

You can choose from five types of TSP annuities. In addition, there are other features that you must consider.

### **Single life annuity:**

1. with level payments or
2. with increasing payments

### **Joint life annuity with your spouse:**

3. with level payments or
4. with increasing payments

### **Joint life annuity with someone other than your spouse:**

5. with level payments

## **Single Life and Joint Life Annuities:**

***Single Life Annuity*** - An annuity that provides monthly payments only to you as long as you live.

***Joint Life Annuity*** - An annuity that provides monthly payments to you while you and the person you name as your joint annuitant are alive. When either of you dies, monthly payments are made to the survivor for his/her lifetime. The amount of the payment while you and your joint annuitant are alive and the amount of the payment to the survivor depend on whether you choose a 50% or 100% survivor annuity.

**50% survivor annuity** - The monthly payment to the survivor, whether the survivor is you or your joint annuitant, is half (50%) of the annuity payment made while both you and your joint annuitant were alive.

**100% survivor annuity** - The monthly payment to the survivor is the same amount as the annuity payment made while both you and your joint annuitant were alive. However, the monthly payment while you are both alive is generally less than if you select the 50% survivor annuity.

### **Level and Increasing Payment Annuities –**

**Level Payments** - The amount of the monthly payment remains the same from year to year. Also, the survivor annuity (50%, or 100%) remains the same as long as the survivor is alive.

**Increasing Payments** - The monthly payment can change each year on the anniversary of the first annuity payment. The change is based on the change in the consumer price index (CPI). When annuity payments start, they are smaller than they would be if you had selected level payments, but usually there is an annual increase in monthly payments. Increases cannot exceed 3% per year, but monthly payments cannot decrease, even if the CPI decreases. **Increasing payments cannot be combined with a joint life annuity when the joint annuitant is someone other than your spouse.**

### **Two Additional Annuity Features --**

If you choose one of the following features, certain minimum amounts will be paid to the beneficiary that you name if you (and your joint annuitant, if applicable) die before the minimum amounts have been paid out. If you choose one of these features, your monthly payments will be less than they would have been if you had not chosen one.

**Cash Refund** - If you (and your joint annuitant, if applicable) die before an amount equal to the balance used to purchase your annuity has been paid out, the difference between the balance used to purchase your annuity and the sum of the monthly payments already made will be paid to your beneficiary in a lump sum.

**Ten-year Certain** - If you die before receiving annuity payments for a 10-year period, payments will continue to your beneficiary for the rest of the 10-year period. If you live beyond the 10-year period, you continue to receive payments, but with no further provision for payments to a beneficiary upon your death. **This feature cannot be combined with a joint life annuity.**

# Federal Income Tax Withholding

## On TSP Payments

(Extracted from TSP-536 (7/98),

### Important Tax Information About Payments From Your TSP Account)

TSP payments made directly to you are taxable income for Federal income tax purposes and are subject to withholding in the year in which payment is made. (NOTE: TSP does not withhold state, city, county, or other local income tax.) For withholding purposes, there are three types of payments: (1) **eligible rollover distributions**; (2) **periodic payments**; and (3) **non-periodic payments**. Withholding differs for each type of payment.

TYPE OF PAYMENT	PAYMENT INCLUDES	TAX TREATMENT	NOTES
ELIGIBLE ROLLOVER DISTRIBUTION	<ul style="list-style-type: none"> <li>One single payment</li> <li>Automatic cashouts (\$200 or less)</li> <li>Equal monthly payments lasting less than 10 years and not computed by TSP according to IRS life expectancy tables</li> <li>A single payment after a series of monthly payments</li> <li>Late contributions paid to your account after a complete withdrawal</li> <li>Death benefits paid to a spouse</li> <li>Payments to a spouse/former spouse under a court order or alimony order</li> </ul>	<p>Payments subject to a mandatory 20% withholding, which cannot be waived.</p> <p>No withholding on payment of less than \$200 to a spouse or former spouse.</p>	<p>There is no withholding on eligible rollover distributions that are less than \$200 within one tax year.</p> <p>Early Withdrawal Penalty: If you separate/retire before the year in which you become age 55, early withdrawal penalty tax of 10% on all amounts received before age 59½. Does not apply to:</p> <ul style="list-style-type: none"> <li>annuity payments</li> <li>death benefit payments</li> <li>payments made in compliance with court orders</li> <li>payments made to disability retirees</li> <li>equal payments computed by TSP according to IRS life expectancy tables*</li> </ul>

\*Note: If you change from such payments to a final single payment, either before you become age 59 ½ or within five years of the date of the first payment, whichever is later, you will be liable for the penalty tax on all payments received before age 59 ½.

TYPE OF PAYMENT	PAYMENT INCLUDES	TAX TREATMENT	NOTES
PERIODIC PAYMENTS	<ul style="list-style-type: none"> <li>• Monthly payments expected to be paid out over 10 years</li> <li>• Equal payments computed by TSP according to IRS life expectancy tables</li> <li>• Payments from an annuity purchased by TSP</li> </ul>	<p>Withholding is based on the assumption you are married claiming three exemptions. You may submit Form W-4P to:</p> <ul style="list-style-type: none"> <li>• elect no Federal income tax withholding</li> <li>• have Federal income tax based on different allowances and marital status</li> <li>• have an additional amount withheld</li> </ul>	<p>Send W-4P, Withholding Certificate for Pension or Annuity Payments, to:</p> <p>National Finance Center TSP Service Office P.O. Box 61500 New Orleans, LA 70161-1500</p> <p>See note regarding early withdrawal penalty on previous page</p>
NON-PERIODIC PAYMENTS	<ul style="list-style-type: none"> <li>• Minimum distribution payments (required at age 70½)</li> <li>• Death benefits paid to someone other than the spouse</li> <li>• Child support payments or court-ordered payments to someone other than the spouse/former spouse</li> </ul>	<p>Federal income tax withholding is 10% on these payments. You may submit W-4P to elect:</p> <ul style="list-style-type: none"> <li>• no Federal income tax withholding</li> <li>• an additional withholding over and above the 10% automatic withholding</li> </ul>	<p>To elect no income tax, or additional withholding, send W-4P to address above.</p> <p>Amounts paid as a minimum distribution on/after age 70½ may not be transferred or rolled over to another IRA or qualified pension plan.</p>

**NOTE:** Foreign citizens with a foreign address can request to waive tax withholding on any payment. However, if such a request is made, the payment may then be subject to 30% tax withholding under IRS rules concerning income of nonresident aliens.

# **ANNUITY COMPUTATIONS**



# **Annuity Computation**

**The amount of an annuity is determined by:**

- **Length of service**

Length of service for annuity computation purposes is based on years and whole months (30 days). To determine the total length of service for annuity computation purposes, add all creditable civilian and military service and the period represented by the unused sick leave; then eliminate any fractional part of the month (remaining days).

- **High-3 average basic pay**

The high-3 average pay is the largest annual rate resulting from averaging your rates of basic pay in effect over any period of 3 consecutive years of creditable civilian service, with each rate weighted by the length of time it was in effect. Normally, the highest rate of pay will be the last three years of work. If this is the case, to find the beginning date of the 3-year period, subtract 3 years from the date of your retirement. For example, if your retirement date is November 1, 2002, the beginning date of the 3-year period would be November 2, 1998 ( $2002/11/01 - 03/00/00 = 99/11/02$ ).

Basic pay includes locality pay, environmental differential pay for certain employees, night differential pay for wage grade employees, premium pay for firefighters and law enforcement officers. It does not include bonuses, allowances, occasional overtime pay, military pay, cash awards, or holiday pay. The basic pay for employees paid at other than an annual rate is determined by multiplying the basic rate of pay by the appropriate unit (for example; hourly rate of pay x 2087 hours).

For intermittent employees, the basic pay is determined by multiplying the basic rate of pay per day by the actual number of days worked at that rate.

For part-time service performed prior to April 7, 1986, the basic pay rate is the pay applicable to the pre-arranged tour of duty. For part-time service on and after April 7, 1986, the average salary will be computed using the full-time salary of the position. This computation will be reduced by a proration factor that reflects only the part-time service.

# CSRS Annuity Computation

There are three different ways to estimate your annuity.

## **A. Three Step Formula:**

- 1.5% x high-3 x first 5 years of service **PLUS**
- 1.75% x high-3 x next 5 years of service **PLUS**
- 2% x high-3 x all years and months of service over 10 years (includes credit for unused sick leave)

Example (with average salary of \$40,000 and 32 years of service):

$$1.5\% \times \$40,000 \times 5 = \$3,000$$

$$1.75\% \times \$40,000 \times 5 = \$3,500$$

$$2\% \times \$40,000 \times 22 = \$17,600$$

$$\text{Total} = \$24,100 \text{ Basic Annuity}$$

**Note:** For firefighters and law enforcement officers, the formula is 2.5% for the first 20 years, and 2% for the remaining years.

## **B. “Short Cut” Estimate**

- You can estimate your high-3 by taking 90% x final salary  
Example: If final salary is \$45,000, 90% = \$40,500).
- Years of service minus 2 x 2 = Approximate percent of high-3  
Example: 32 years of service =  $32 - 2 \times 2 = 60\%$  of high-3

Using the estimated salary above,  $60\% \times \$40,500 = \$24,300$

## **C. Use The CSRS General Formula Computation Chart**

- Multiply your high-3 average salary times the factor for years and months of your length of service

## **D. Maximum Annuity**

- 80% of high-3 (normally 41 years 11 months of service) although sick leave can increase annuity over 80%.

# **Cost Of Living** **Increases (COLA'S)**

Annual cost-of-living increase is based on the rise in the Consumer Price Index (CPI) computed by the Department of Labor.

## **Effective Date:**

- Normally, December 1 of each year, payable in the January 1 annuity check

## **First COLA:**

- An annuitant's first COLA is prorated based on the number of months on the annuity roll prior to the COLA.
- A month is credited only if the annuity commenced on or before the last day of the month.

## **Example:**

If you retire July 1<sup>st</sup>, you are on the annuity rolls from July through November, or 5 months (count to Dec 1). The annuitant will receive: 5/12th COLA for the first year. This increase will be received in the January annuity payment.

# CSRS Offset Annuity Computation

If you are a CSRS Offset employee, your annuity is computed in the same manner as if covered under CSRS only. The nondisability annuity payment is reduced (offset) when you become eligible for Social Security. There is no reduction to the Social Security retirement benefit. The offset is applied when the basic requirements for Social Security are met (usually age 62), even if the employee does not apply for Social Security. Typically, the full Social Security benefit plus the reduced CSRS annuity may actually equal more than if the annuitant were receiving a straight CSRS annuity.

The amount of the offset is the lesser of:

- The amount of the Social Security benefit attributable to the employee's service after December 31, 1983 under CSRS Offset; or
- The amount obtained by multiplying the following fraction by the Social Security benefit to which the individual is entitled at the time the individual's CSRS annuity begins:

$$\frac{\text{Total years of Offset Service (partial years rounded to the nearest whole number)}}{40}$$

*Example: Employee retires at age 55 with 6 years of CSRS Offset service included in the 30 years of service. At age 62, the individual becomes eligible for Social Security benefits in the amount of \$500 per month. The reduction is the lesser of:*

- *The \$ 100 which Social Security computes as attributable to the CSRS Offset Service; or*

$$\frac{6 \text{ years of offset service}}{40} \quad \times \quad \$500 = \$75$$

The CSRS annuity would be offset by \$75 per month beginning at age 62.

Spousal survivor annuity and the reduction are based upon the annuity prior to application of the offset. (However, spousal survivor annuities themselves are subject to their own offset based upon the Social Security survivor benefits attributable to the CSRS Offset Service. The spousal survivor offset applies at all times when the survivor is eligible for both CSRS survivor benefits and Social Security survivor benefits.)

# Firefighter Pay for Retirement

**Based on the new Federal Firefighter Overtime Pay Reform Act of 1998 (P.L. 105-277)**

- For firefighters to be covered, they must be working at least a 53-hour week or 106 biweekly – that is using the 2756 calculation. \* If they are **not** on a sustained 40 week with stand-by, the base pay for the grade and step plus locality, will be divided by the firefighter hours, 2756, to determine the “hourly” rate of pay. You will multiply the hours worked bi-weekly, then multiply by 26 pay periods to get the basic pay for retirement, life insurance values. For example, if my schedule is 72 hour week, and my base pay plus locality is \$32,578; I would divide the \$32,578 by 2756, or \$11.82 an hour. To get the basic pay for retirement, I would multiply \$11.82 by 144 (72 + 72 for biweekly) = \$1702.08 X 26 pay periods or \$44,254.08 basic pay.

**\*If they are working less than a 53 hour week, the hourly rate would be calculated on the hourly rate of 2087 hours.**

- **If they are on a sustained 80 hour week**, (such as a fire chief), plus stand by for a regular pay period of 112 hours, the first 80 hours are considered regular hourly rate based on 2087 hours. The remaining hours, (32) are calculated using the 2756 rate. For example: Basic rate plus locality, \$48,650. For the first calculation, you would divide the \$48,650 by 2087 to get the hourly rate, or \$23.32 X 80=\$1864.88 per pay period X 26 = \$48,486.82. The remaining 32 hours are based on the firefighter rate so the base pay (\$48,650) divided by 2756 or \$17.65 per hour X 32 = \$564.80 X 26 =\$14684.80. The annual rate of pay would be \$14,684.80 + \$48,486.82 = \$63,172.62 basic pay for retirement and FEGLI purposes.

Bottom line, the firefighter will get credit for every hour they work in their basic pay.

- Annual leave will now be paid out based on the firefighter pay (basic pay plus the overtime rate of pay). The hours will not be converted to a 40-hour week schedule.
- If a firefighter moves to a non-firefighter position, the hours must be converted to the regular 80-hour week using the old rules.

**Sick Leave Calculation:** FF sick leave is used in the CSRS Component annuity computation and must be converted using the following formula: number of hours in the last weekly tour of duty divided by sick leave balance x 40 = regular sick leave balance. Use the 2087 hour chart for converting the time to years, months, and days.

**Example:** SL balance = 1422 and FF works 72 hour weekly tour of duty

1422 x 40 = 56880 divided by 72 = 790 hours of regular sick leave which converts to 4 months 17 days service.

**Annual Leave Computation for Firefighters:** (Applies ONLY to firefighters covered by 5 CFR part 550, subpart M). When annual leave is paid out for a firefighter, the firefighter is paid for every hour credited to them. You take the number of hours of annual leave and divide by the schedule of duty—112, 144, etc., to determine how many full pay weeks will be paid. Then you determine how many hours are left over. The alternate way that can be used is to calculate for every pay period; for example, if balance is 240 and work 144 hour pay period, then

$240 - 144 = 96$  hours remaining. Then you will calculate the amount this way:

- **Remember that anything over 106 hours is considered overtime.**
- **Ask the question, does the firefighter have an embedded tour.**
- **Do NOT convert the leave to the 40 hour equivalent!**

**Example 1:** Let's say a person has 240 hours of annual leave and works 144 hours biweekly. 240 divided by 144 = 1 pay period with an additional 96 hours remaining to be paid. (This is NOT a firefighter with an embedded tour.) This firefighter has a basic pay rate of \$35,000.

\$35,000 divided by 2756 = \$12.70 per hour So the **first 106 hours X \$12.70 = \$ 1,346.20 PLUS Overtime pay rate is \$12.70 plus ½ of \$12.70 or \$19.05 (144 - 106 = 38 hours to be paid at the overtime rate).** 38 hours X \$19.05 = \$723.90

**The total would be \$1,346.20 + \$723.90 = \$2070.10 for the first pay period.**

The second pay period would be 96 hours X \$12.70 (basic rate) = \$ 1,219.20

**The total annual leave payment would be \$2,070.10 + \$1,219.20 = \$3,289.30**

**Example 2:** For a firefighter that has 240 hours of annual leave and works 112 hour pay period but has an embedded tour of 80 hours. The basic rate for the position is \$38,500. The calculation looks like this:

For the first 80 hours, you divide the \$38,500 by 2087 to get the hourly rate: **\$18.45**

For the second set of hours, divide \$38,500 by 2756 to get the hourly rate: **\$13.97** Overtime rate (time and 1/2 is  $\$13.97 + 6.99 = \$20.96$

240 divided by 112 = 2 full pay periods. For the two pay periods:  $80 \times \$18.45 = \$1476$  (based on 2087 rate).  $106$  (overtime break point) -  $80 = 26 \times \$13.97 = \$363.22$  (based on 2756 rate).  $112$  (tour of duty) -  $106 = 6$  hours at the overtime rate ( $6 \times \$20.96 = \$125.76$ )

**For total pay for each pay period: \$1,476 + \$363.22 + \$125.76 = \$ 1,964.98**

**Since this FF had two pay periods: \$1,964.98 X 2 = \$3,929.96 (Plus remaining hours)**

$112 + 112$  (two pay periods) = 224 – so,  $240 - 224 = 16$  left over X \$18.45 = \$295.20

**The total annual leave payment would be = \$295.20 + \$3,929.96 = \$4225.16**

## CSRS Firefighter Computation Example

**Date of Retirement:** 5-3-2000      **Date of Birth:** 4-29-37  
**Active Military Service:** 12-30-58 to 3-29-62 - Deposit Paid  
**Civilian Service:** 10-2-69 to 5-3-2000      **Unused Sick Leave:** 1243 hours  
**High-3 Average Salary:** \$45,353.96      **Last Salary:** \$54,985  
**Survivor Benefits:** Based on Full Annuity      FF working 112 hours (embedded tour)  
**FEGLI Insurance:** Basic (75% Option), Standard, 2X Pay and Family)

From	To	Annual Pay	Total Time	Time Factor	Pay Earned
97-05-04	97-06-02	\$36,050	00-00-29	.080556	\$2,904.04
97-06-03	98-01-08	\$37,650	00-07-06	.600000	22,590.00
98-01-09	98-09-30	\$39,200	00-08-22	.727778	28,528.90
98-10-01	99-01-02	\$49,230	00-03-02	.255556	12,581.02
99-01-03	00-01-02	\$51,985	01-00-00	1.000000	51,985.00
00-01-03	00-05-03	\$54,985	00-04-01	.336111	18,481.06
			03-00-00		\$137,070.02

(In determining the "time factor earned" refer to the "360 Day Factor Chart")

\$ 137,070.02 DIVIDED BY 3 = \$45,690 HIGH-3 AVERAGE PAY

COMPUTE AGE AT SEPARATION	COMPUTE LENGTH OF SERVICE
Add one day to last day      +1 Date of Retirement      2000-05-03(04) Date of Birth <u>-1937-04-29</u> 63-00-05	Date of Retirement      2000-05-03(04) SCD <u>- 1966-07-02</u> 33-10-02 *Sick Leave (1243 hours)      + <u>05-04</u> 33-15-06 +      1 34-03
*With the sick leave at 1243 hrs, it would have to be converted (number of hours X 40 divided by hours in workweek. In this case (workweek is 56) it would be 1243 X 40 divided by 56 = 887.86 or 888 or 5 months 4 days. (Sick leave is the lesser amount from date of separation and date switched to FERS)	

**Formula:**      2.5% X \$45,690 X 20 = \$22,845.00  
 Plus remaining 14 year-3 months (14.25) X 45,690 X 2% = 13,021.65 = \$13,021.65  
 Unreduced CSRS Annuity      \$35,866.65

Note: Can use the FF/LEO chart to get the percentage times the high-3 average pay.  
 Maximum annuity is 80% which equates to 35 total years.

		Unreduced CSRS Annuity	\$ 35,866.65
Reductions are made for: Under Age 55			N/A
Non-Deposit for service prior to 10-1-82			N/A
Survivor Annuity		.025% X 3600 = \$90.00 plus	
		10% X 32,266.65 = \$3,226.67	
		ANNUAL ANNUITY	32,549.98
Reduction for Redeposit			N/A
		Monthly annuity	2,712.50
		Federal Tax Withholding	- 588.00
		State Tax Withholding	N/A
		FEHB Reduction	- 97.48
\$54,985 = 55 + 2 or \$57,000	=	\$19.14	
Standard 10,000	=	13.00	
Additional 2 x	=	166.87	
Family	=	5.63	
		<b>Total Monthly Annuity Due</b>	<b>\$1,822.38</b>

Note: FEHB and tax withholding amounts are just estimates to indicate deductions.

# How Federal Annuities Are Taxed

Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS) retirees are not taxed on that part of the annuity that represents their own contribution; the rest is taxable. Federal annuitants who retired after July 1, 1986, determine the amount of their annuity that is tax-free by using the Simplified General Rule. This rule applied to annuities **commencing** on or before December 31, 1997.

A provision added to the Taxpayer Relief Act of 1997 created a new table for computing the tax-free amount **if a survivor annuity** is elected. The table is based on the combined ages of the annuitant and the person for whom the survivor annuity has been provided. This provision is effective with annuity start dates beginning after December 31, 1997. Retirees whose annuity started prior to December 31, 1997, continue to use the one-person table.

When you retire, you will receive a booklet from OPM called “Your Federal Retirement Benefits”. In this booklet you will be provided with the amount of your total retirement contributions and the amount of retirement benefits you may claim as tax free each month (calculated using the Simplified General Rule). Do not use the “cumulative” retirement contributions reflected on your last Leave and Earnings Statement as this is not always a true accounting of all retirement contributions made during your Federal service career. For a more detailed and official explanation of how Federal annuities are taxed, call 1-800-TAX-FORM and ask for **IRS Publication 721, Tax Guide to U.S. Civil Service Retirement Benefits**, or you can obtain it from the IRS web site at [www.irs.gov](http://www.irs.gov).

The following address [http://apps.opm.gov/tax\\_calc/withhold\\_calc/index.cfm](http://apps.opm.gov/tax_calc/withhold_calc/index.cfm) is a link to OPM’s Tax calculator for annuitants to figure their monthly federal withholdings

The following tables should be used based on your individual case:

## **Annuity without a survivor benefit or annuity Commencing on or before December 31, 1997**

<b><u>Age at Retirement</u></b>	<b><u># Of Lifetime Payments</u></b>
<b>55 &amp; under</b>	<b>360</b>
<b>56 to 60</b>	<b>310</b>
<b>61 to 65</b>	<b>260</b>
<b>66 to 70</b>	<b>210</b>
<b>71 and over</b>	<b>160</b>



**Annuity with Survivor Benefit commencing  
after December 31, 1997.**

<b><u>Combined Age Of Annuitants</u></b>	<b><u>Number of Payments</u></b>
<b>Not more than 110</b>	<b>410</b>
<b>111 to 120</b>	<b>360</b>
<b>121 to 130</b>	<b>310</b>
<b>131 to 140</b>	<b>260</b>
<b>141 and over</b>	<b>210</b>

**\*For disability annuitants, the annuity is fully taxed until you meet optional retirement requirements.**

$$\frac{\text{Total Retirement Contributions}}{\text{Number of Lifetime Payments}} = \text{Monthly Tax Free Amount}$$

$$\text{Monthly Tax Free Amount} \times 12 = \$ \text{Yearly Tax Free Amount}$$

**Example (with no Survivor Benefit)**

Retiree Age 56                      Total Contributions to CSRS = \$43,000  

$$\frac{\$43,000.00}{310} = \$139.00 \text{ Monthly Tax Free Amount or } \$139 \times 12 = \$1,668 \text{ Yr. Tax Free}$$

*(This amount may be claimed until Tax Free Amount = \$43,000.00)*

**Example (With Survivor Benefits)**

Retiree Age 56; spouse age 55 = 111      Total Contributions to CSRS = \$43,000  

$$\frac{\$43,000}{360} = \$119.44 \text{ Monthly Tax Free Amount or } \$119 \times 12 = \$1,428 \text{ Yr. Tax Free}$$

*(This amount may be claimed until the Tax Free Amount = \$43,000.00)*

**It is not mandatory for you to have tax withheld from your monthly annuity.** However, you must file an estimated return to the Internal Revenue Service if less than 90% of the Federal income tax due during a year is withheld from your income. You will be liable for the full amount of the taxes when they fall due, and may incur an additional interest penalty if sufficient taxes were neither withheld from your income tax nor paid to the IRS in advance as estimated payments.

# **Information about Federal and State Income Tax Withholdings Savings Bond Purchases and Deductions**

## **Federal Income Tax Withholdings:**

Your annuity payments are subject to Federal income tax withholding. Federal income tax is withheld from your initial payment and will continue to be withheld as though you are a married individual claiming three withholding allowances – the rate required by law if you do not file an election to change the deduction. At the time OPM processes your retirement application, they will send you instructions on how to start, change, or stop your Federal income tax withholding using their toll-free automated telephone system. Retirees may now make a withholding election at the time of their retirement by completing a W-4 form.

## **State Income Tax Withholdings:**

If you wish to have State tax withholdings from your annuity, you may contact OPM directly if your State participates in the withholding program administered by OPM. OPM is unable to make State tax withholdings for non-participating states.

*The following states have state tax and participate with OPM to withhold state tax:*

Arkansas	Arizona	California	Colorado
Connecticut	Delaware	District of Columbia	Georgia
Idaho	Indiana	Iowa	Louisiana
Maine	Maryland	Michigan	Minnesota
Mississippi	Missouri	Montana	Nebraska
New Jersey	New Mexico	North Carolina	North Dakota
Ohio	Oklahoma	Oregon	Rhode Island
South Carolina	Utah	Vermont	Virginia
West Virginia	Wisconsin		

You must specify the monthly amount of State tax you want withheld. Deduction amounts must be in whole dollars. The minimum monthly amount OPM is able to withhold is \$5. Your State tax deductions will be reflected on notices of annuity adjustment mailed when payments change and will be included in your yearly statement (Form 1099R) used for income tax filing purposes.

As an annuitant, already receiving regular annuity payments, you may call (800) 409-6528 to start, change, or stop savings bond and State tax deductions. You may also contact an OPM Customer service Specialist by dialing (888) 767-6738. When calling, you will need your civil service annuitant (CSA) number and your Social Security number.

# **Annuity Reductions & Withholdings**

The annuity reductions, if appropriate, must be applied in the following order:

## **1. Age Reduction**

- Retirement before age 55.

## **2. Deposit Reduction**

- Unpaid deposit(s) for nondeduction service performed prior to October 1, 1982. The basic annuity is reduced by 10% of the unpaid deposit amount (deposit includes interest).

## **3. Survivor Reductions**

- Reduction for survivor annuity, because of a voluntary election, court order, or operation of law; and/or
- Reduction to provide a survivor annuity to a person with an insurable interest.

## **4. Redeposit Reduction**

- Unpaid redeposit service that ended before October 1, 1990. (actuarial reduction)

## **5. Alternative Annuity Reduction**

- May only elect if not expected to live beyond 2 years.

## **6. Federal Tax**

- Complete W-4P to designate withholdings.
- Based as if married with 3 deductions.

## **7. State Tax (Optional)**

- Contact OPM.

## **8. FEHB Premiums**

- Retirees pay the same amount as employees pay (monthly rate).

## **9. FEGLI Premiums**

- Retirees pay the same amount as employees pay until age 65.

## **10. Medicare Part B Premiums (Optional)**

- You do not become eligible for Medicare until age 65.
- If receiving Social Security, premium withheld from Social Security benefit.

### CSRS Computation Example

**Date of Retirement:** 5-3-2002      **Date of Birth:** 4-29-37  
**Active Military Service:** 12-30-58 to 3-29-62 - Deposit Paid      **High-3 Average Salary:** \$27,320  
**Civilian Service:** 10-2-63 to 5-3-2002      **Unused Sick Leave:** 1243 hours  
**Survivor Benefits:** Based on Full Annuity      **Last Salary:** \$29,400  
**FEGLI Insurance:** Basic (75% Option), Standard, 2X Pay and Family)

From	To	Annual Pay	Total Time	Time Factor	Pay Earned
98-05-04	98-06-02	\$23,890	00-00-29	.080556	\$ 1,924.48
98-06-03	99-04-05	\$25,003	00-10-03	.841667	\$21,044.20
99-04-06	99-12-06	\$27,653	00-08-01	.669444	\$18,512.13
99-12-07	00-08-04	\$28,001	00-07-28	.661111	\$18,511.77
00-08-05	02-05-03	\$29,400	00-08-29	.747222	\$21,968.33
			03-00-00		\$81,960.91

(In determining the "time factor earned" refer to the "360 Day Factor Chart")

**\$81,960.91 DIVIDED BY 3 = \$27,320 HIGH-3 AVERAGE PAY**

COMPUTE AGE AT SEPARATION		COMPUTE LENGTH OF SERVICE	
Add one day to last day	+1	Date of Retirement	2002-05-03(04)
Date of Retirement	2002-05-03(04)	SCD (includes military service)	- 1960-07-02
Date of Birth	-1937-04-29		40-10-02
	64-00-05	* Sick Leave (1243 hours)	07-05
			40-17-07
			+ 1-00-00
			41-05-00

**Formula:** .015 X 27,320 X 5 = 2,049.00  
 .0175 X 27,320 X 5 = 2,390.50  
 .02 X 27,320 X 31.41666 = 17,166.06  
**Unreduced CSRS Annuity = \$21,605.56**

(To check the formulas see the "CSRS General Formula Computation Chart")

For example, 41 years and 5 months located on the chart gives a factor of .790833 X \$27,320 (high-3) = annuity.)

\*To determine Sick Leave, refer to the "2087 Hours Chart."

	Unreduced CSRS Annuity	\$21,605.56
Reductions are made for: Under Age 55		N/A
Non-Deposit for service prior to 10-1-82		N/A
Survivor Annuity	.025% X 3600 = \$90.00 plus 10% X 18005.56 = \$1,800.56	- 1,890.56
	ANNUAL ANNUITY	\$ 1,9715.00
Reduction for Rede posit		N/A
	Monthly Annuity	\$1,642.92
	Federal Tax Withholding(20%)	- 328.58
	State Tax Withholding	N/A
	FEHB Reduction	- 144.69
\$29,400 = 30 + 2 or 32,000	= 10.75	
Standard 10,000	= 13.00	FEGLI Reduction (Standard, 2X, Family)
Additional 2 x	= 91.02	- 120.40
Family	= 5.63	<b>Total Monthly Annuity Due \$1,049.25</b>

# **Voluntary Contributions**

- **A voluntary savings program for CSRS employees only.**
- **You cannot owe any deposit or redeposit.**
- **Payments may be made in multiples of \$25.**
- **Must not exceed 10% of gross career earnings.**
- **May be used to increase the amount of annuity or used as a savings/investment option cashed out before retirement.**
- **For each \$100 invested = additional \$7.00 in annuity (plus \$0.20 for each full year retiree over age 55).**
- **Submit SF 2804 to Personnel Office for certification and forwarding to OPM to establish account.**
- **To receive a refund, submit an application 60 days before retirement date.**
- **Interest taxable in the year you receive a refund - may be subject to a 10% penalty if withdrawn before age 59 1/2.**
- **Interest is compounded annually on December 31<sup>st</sup>.**
- **COLAs are posted only against your earned annuity, not additional annuity from voluntary contributions.**



## **2087 HOURS CHART**

### **USED TO DETERMINE SICK LEAVE (CSRS)**

CHART FOR OBTAINING NUMBER OF HOURS FOR ANY PERIOD OF TIME WHEN 2087 HOURS CONSTITUTES YEARLY BASIS												
Number of days	0 Month and up	1 Month and up	2 Months and up	3 Months and up	4 Months and up	5 Months and up	6 Months and up	7 Months and up	8 Months and up	9 Months and up	10 Months and up	11 Months and up
0	0	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	701	875	1049	1223	1397	1571	1745	1919
2	12	186	359	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1930
4	23	197	371	545	719	893	1067	1241	1415	1588	1762	1936
5	29	203	377	551	725	899	1072	1246	1420	1594	1768	1942
6	35	209	383	557	730	904	1078	1252	1426	1600	1774	1948
7	41	214	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	568	742	916	1090	1264	1438	1612	1786	1959
9	52	226	400	574	748	922	1096	1270	1444	1617	1791	1965
10	58	232	406	580	754	928	1101	1275	1449	1623	1797	1971
11	64	238	412	586	759	933	1107	1281	1455	1629	1803	1977
12	70	243	417	591	765	939	1113	1287	1461	1635	1809	1983
13	75	249	423	597	771	945	1119	1293	1467	1641	1815	1988
14	81	255	429	603	777	951	1125	1299	1472	1646	1820	1994
15	87	261	435	609	783	957	1130	1304	1478	1652	1826	2000
16	93	267	441	615	788	962	1136	1310	1484	1658	1832	2006
17	99	272	446	620	794	968	1142	1316	1490	1664	1838	2012
18	104	278	452	626	800	974	1148	1322	1496	1670	1844	2017
19	110	284	458	632	806	980	1154	1328	1501	1675	1849	2023
20	116	290	464	638	812	986	1159	1333	1507	1681	1855	2029
21	122	296	470	643	817	991	1165	1339	1513	1687	1861	2035
22	128	301	475	649	823	997	1171	1345	1519	1693	1867	2041
23	133	307	481	655	829	1003	1177	1351	1525	1699	1873	2046
24	139	313	487	661	835	1009	1183	1357	1530	1704	1878	2052
25	145	319	493	667	841	1015	1188	1362	1536	1710	1884	2058
26	151	325	499	672	846	1020	1194	1368	1542	1716	1890	2064
27	157	330	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	162	336	510	684	858	1032	1206	1380	1554	1728	1901	2075
29	168	342	516	690	864	1038	1212	1386	1559	1733	1907	2081

# **360 DAY FACTOR CHART**

For Computing Total Amount for Any Period of Time at a Given Annual Rate. To Complete Factor, Place Number of Full Years Ahead of Decimal Point.

<b>Number of Days</b>	<b>1 Day</b>	<b>1 Month</b>	<b>2 Months</b>	<b>3 Months</b>	<b>4 Months</b>	<b>5 Months</b>	<b>6 Months</b>	<b>7 Months</b>	<b>8 Months</b>	<b>9 Months</b>	<b>10 Months</b>	<b>11 Months</b>
0	----	0.083333	0.166667	0.250000	0.333333	0.416667	0.500000	0.583333	0.666667	0.750000	0.833333	0.916667
1	0.002778	0.086111	0.169444	0.252778	0.336111	0.419444	0.502778	0.586111	0.669444	0.752778	0.836111	0.919444
2	0.005556	0.088889	0.172222	0.255556	0.338889	0.422222	0.505556	0.588889	0.672222	0.755556	0.838889	0.922222
3	0.008333	0.091667	0.175000	0.258333	0.341667	0.425000	0.508333	0.591667	0.675000	0.758333	0.841667	0.925000
4	0.011111	0.094444	0.177778	0.261111	0.344444	0.427778	0.511111	0.594444	0.677778	0.761111	0.844444	0.927778
5	0.013889	0.097222	0.180556	0.263889	0.347222	0.430556	0.513889	0.597222	0.680556	0.763889	0.847222	0.930556
6	0.016667	0.100000	0.183333	0.266667	0.350000	0.433333	0.516667	0.600000	0.683333	0.766667	0.850000	0.933333
7	0.019444	0.102778	0.186111	0.269444	0.352778	0.436111	0.519444	0.602778	0.686111	0.769444	0.852778	0.936111
8	0.022222	0.105556	0.188889	0.272222	0.355556	0.438889	0.522222	0.605556	0.688889	0.772222	0.855556	0.938889
9	0.025000	0.108333	0.191667	0.275000	0.358333	0.441667	0.525000	0.608333	0.691667	0.775000	0.858333	0.941667
10	0.027778	0.111111	0.194444	0.277778	0.361111	0.444444	0.527778	0.611111	0.694444	0.777778	0.861111	0.944444
11	0.030556	0.113889	0.197222	0.280556	0.363889	0.447222	0.530556	0.613889	0.697222	0.780556	0.863889	0.947222
12	0.033333	0.116667	0.200000	0.283333	0.366667	0.450000	0.533333	0.616667	0.700000	0.783333	0.866667	0.950000
13	0.036111	0.119444	0.202778	0.286111	0.369444	0.452778	0.536111	0.619444	0.702778	0.786111	0.869444	0.952778
14	0.038889	0.122222	0.205556	0.288889	0.372222	0.455556	0.538889	0.622222	0.705556	0.788889	0.872222	0.955556
15	0.041667	0.125000	0.208333	0.291667	0.375000	0.458333	0.541667	0.625000	0.708333	0.791667	0.875000	0.958333
16	0.044444	0.127778	0.211111	0.294444	0.377778	0.461111	0.544444	0.627778	0.711111	0.794444	0.877778	0.961111
17	0.047222	0.130556	0.213889	0.297222	0.380556	0.463889	0.547222	0.630556	0.713889	0.797222	0.880556	0.963889
18	0.050000	0.133333	0.216667	0.300000	0.383333	0.466667	0.550000	0.633333	0.716667	0.800000	0.883333	0.966667
19	0.052778	0.136111	0.219444	0.302773	0.386111	0.469444	0.552778	0.636111	0.719444	0.802778	0.886111	0.969444
20	0.055556	0.138889	0.222222	0.305556	0.388889	0.472222	0.555556	0.638889	0.722222	0.805556	0.888889	0.972222
21	0.058333	0.141667	0.225000	0.308333	0.391667	0.475000	0.558333	0.641667	0.725000	0.808333	0.891667	0.975000
22	0.061111	0.144444	0.227778	0.311111	0.394444	0.477778	0.561111	0.644444	0.727778	0.811111	0.894444	0.977778
23	0.063889	0.147222	0.230556	0.313889	0.397222	0.480556	0.563889	0.647222	0.730556	0.813889	0.897222	0.980556
24	0.066667	0.150000	0.233333	0.316667	0.400000	0.483333	0.566667	0.650000	0.733333	0.816667	0.900000	0.983333
25	0.069444	0.152778	0.236111	0.319444	0.402778	0.486111	0.569444	0.652778	0.736111	0.819444	0.902778	0.986111
26	0.072222	0.155556	0.238889	0.322222	0.405556	0.488889	0.572222	0.655556	0.738889	0.822222	0.905556	0.988889
27	0.075000	0.158333	0.241667	0.325000	0.408333	0.491667	0.575000	0.658333	0.741667	0.825000	0.908333	0.991667
28	0.077778	0.161111	0.244444	0.327778	0.411111	0.494444	0.577778	0.661111	0.744444	0.827778	0.911111	0.994444
29	0.080556	0.163889	0.247221	0.330556	0.413889	0.497222	0.580556	0.663889	0.747222	0.830556	0.913889	0.997222



## CSRS GENERAL FORMULA COMPUTATION CHART

Years of Service	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
5 . . . .	.075000	.076458	.077917	.079375	.080833	.082292	.08375	.085208	.086667	.088125	.089583	.091042
6 . . . .	.092500	.093958	.095417	.096875	.098333	.099792	.101250	.102708	.104167	.105625	.107083	.108542
7 . . . .	.110000	.111458	.112917	.114375	.115833	.117292	.118750	.120208	.121667	.123125	.124583	.126042
8 . . . .	.127500	.128958	.130417	.131875	.133333	.134792	.136250	.137708	.139167	.140625	.142083	.143542
9 . . . .	.145000	.146458	.147917	.149375	.150833	.152292	.153750	.155208	.156667	.158125	.159583	.161042
10 . . . .	.162500	.164167	.165833	.167500	.169167	.170833	.172500	.174167	.175833	.177500	.179167	.180833
11 . . . .	.182500	.184167	.185833	.187500	.189167	.190833	.192500	.194167	.195833	.197500	.199167	.200833
12 . . . .	.202500	.204167	.205833	.207500	.209167	.210833	.212500	.214167	.215833	.217500	.219167	.220833
13 . . . .	.222500	.224167	.225833	.227500	.229167	.230833	.232500	.234167	.235833	.237500	.239167	.240833
14 . . . .	.242500	.244167	.245833	.247500	.249167	.250833	.252500	.254167	.255833	.257500	.259167	.260833
15 . . . .	.262500	.264167	.265833	.267500	.269167	.270833	.272500	.274167	.275833	.277500	.279167	.280833
16 . . . .	.282500	.284167	.285833	.287500	.289167	.290833	.292500	.294167	.295833	.297500	.299167	.300833
17 . . . .	.302500	.304167	.305833	.307500	.309167	.310833	.312500	.314167	.315833	.317500	.319167	.320833
18 . . . .	.322500	.324167	.325833	.327500	.329167	.330833	.332500	.334167	.335833	.337500	.339167	.340833
19 . . . .	.342500	.344167	.345833	.347500	.349167	.350833	.352500	.354167	.355833	.357500	.359167	.360833
20 . . . .	.362500	.364167	.365833	.367500	.369167	.370833	.372500	.374167	.375833	.377500	.379167	.380833
21 . . . .	.382500	.384167	.385833	.387500	.389167	.390833	.392500	.394167	.395833	.397500	.399167	.400833
22 . . . .	.402500	.404167	.405833	.407500	.409167	.410833	.412500	.414167	.415833	.417500	.419167	.420833
23 . . . .	.422500	.424167	.425833	.427500	.429167	.430833	.432500	.434167	.435833	.437500	.439167	.440833
24 . . . .	.442500	.444167	.445833	.447500	.449167	.450833	.452500	.454167	.455833	.457500	.459167	.460833
25 . . . .	.462500	.464167	.465833	.467500	.469167	.470833	.472500	.474167	.475833	.477500	.479167	.480833
26 . . . .	.482500	.484167	.485833	.487500	.489167	.490833	.492500	.494167	.495833	.497500	.499167	.500833
27 . . . .	.502500	.504167	.505833	.507500	.509167	.510833	.512500	.514167	.515833	.517500	.519167	.520833
28 . . . .	.522500	.524167	.525833	.527500	.529167	.530833	.532500	.534167	.535833	.537500	.539167	.540833
29 . . . .	.542500	.544167	.545833	.547500	.549167	.550833	.552500	.554167	.555833	.557500	.559167	.560833
30 . . . .	.562500	.564167	.565833	.567500	.569167	.570833	.572500	.574167	.575833	.577500	.579167	.580833
31 . . . .	.582500	.584167	.585833	.587500	.589167	.590833	.592500	.594167	.595833	.597500	.599167	.600833
32 . . . .	.602500	.604167	.605833	.607500	.609167	.610833	.612500	.614167	.615833	.617500	.619167	.620833
33 . . . .	.622500	.624167	.625833	.627500	.629167	.630833	.632500	.634167	.635833	.637500	.639167	.640833
34 . . . .	.642500	.644167	.645833	.647500	.649167	.650833	.652500	.654167	.655833	.657500	.659167	.660833
35 . . . .	.662500	.664167	.665833	.667500	.669167	.670833	.672500	.674167	.675833	.677500	.679167	.680833
36 . . . .	.682500	.684167	.685833	.687500	.689167	.690833	.692500	.694167	.695833	.697500	.699167	.700833
37 . . . .	.702500	.704167	.705833	.707500	.709167	.710833	.712500	.714167	.715833	.717500	.719167	.720833
38 . . . .	.722500	.724167	.725833	.727500	.729167	.730833	.732500	.734167	.735833	.737500	.739167	.740833
39 . . . .	.742500	.744167	.745833	.747500	.749167	.750833	.752500	.754167	.755833	.757500	.759167	.760833
40 . . . .	.762500	.764167	.765833	.767500	.769167	.770833	.772500	.774167	.775833	.777500	.779167	.780833
41 . . . .	.782500	.784167	.785833	.787500	.789167	.790833	.792500	.794167	.795833	.797500	.799167	80% <sup>1</sup>

To obtain the basic annuity, multiply the high-3 average salary by factor indicated under applicable years and months of service.

<sup>1</sup> Annuity in excess of 80 percent which is produced by credit for unused sick leave is payable.

# CSRS 2% Age Reduction Chart

Factors for Determining Reduction  
In  
Basic Annuity  
(25-Year Discontinued-Service Retirement)  
20-Year Discontinued-service at Age 50; and  
Early Optional Retirement)

Age at separation and at least one day over	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
40 _ _ _ _	0.701667	0.703333	0.705000	0.706667	0.708333	0.710000	0.711667	0.713333	0.715000	0.716667	0.718333	0.720000
41 _ _ _ _	0.721667	0.723333	0.725000	0.726667	0.728333	0.730000	0.731667	0.733333	0.735000	0.736667	0.738333	0.740000
42 _ _ _ _	0.741667	0.743333	0.745000	0.746667	0.748333	0.750000	0.751667	0.753333	0.755000	0.756667	0.758333	0.760000
43 _ _ _ _	0.761667	0.763333	0.765000	0.766667	0.768333	0.770000	0.771667	0.773333	0.775000	0.776667	0.778333	0.780000
44 _ _ _ _	0.781667	0.783333	0.785000	0.786667	0.788333	0.790000	0.791667	0.793333	0.795000	0.796667	0.798333	0.800000
45 _ _ _ _	0.801667	0.803333	0.805000	0.806667	0.808333	0.810000	0.811667	0.813333	0.815000	0.816667	0.818333	0.820000
46 _ _ _ _	0.821667	0.823333	0.825000	0.826667	0.828333	0.830000	0.831667	0.833333	0.835000	0.836667	0.838333	0.840000
47 _ _ _ _	0.841667	0.843333	0.845000	0.846667	0.848333	0.850000	0.851667	0.853333	0.855000	0.856667	0.858333	0.860000
48 _ _ _ _	0.861667	0.863333	0.865000	0.866667	0.868333	0.870000	0.871667	0.873333	0.875000	0.876667	0.878333	0.880000
49 _ _ _ _	0.881667	0.883333	0.885000	0.886667	0.888333	0.890000	0.891667	0.893333	0.895000	0.896667	0.898333	0.900000
50 _ _ _ _	0.901667	0.903333	0.905000	0.906667	0.908333	0.910000	0.911667	0.913333	0.915000	0.916667	0.918333	0.920000
51 _ _ _ _	0.921667	0.923333	0.925000	0.926667	0.928333	0.930000	0.931667	0.933333	0.935000	0.936667	0.938333	0.940000
52 _ _ _ _	0.941667	0.943333	0.945000	0.946667	0.948333	0.950000	0.951667	0.953333	0.955000	0.956667	0.958333	0.960000
53 _ _ _ _	0.961667	0.963333	0.965000	0.966667	0.968333	0.970000	0.971667	0.973333	0.975000	0.976667	0.978333	0.980000
54 _ _ _ _	0.981667	0.983333	0.985000	0.986667	0.988333	0.990000	0.991667	0.993333	0.995000	0.996667	0.998333	1.000000

(Multiply unreduced basic annuity by applicable factor shown above to calculate reduced retirement benefits.

NOTE: There may be further reductions.)

# **SOCIAL SECURITY**

# **Social Security Overview**

## **(As it Pertains to Federal Employees)**

*Social Security Web Site: [www.ssa.gov](http://www.ssa.gov)*

*CSRS employees DO NOT pay Social Security taxes, but they do pay Medicare tax (1.45% of salary). Generally, CSRS employees receive no Social Security retirement benefits, unless they have worked in a position covered by Social Security. Even with other work covered by Social Security, there is a very good chance that any Social Security retirement benefits due a CSRS retiree, will be permanently reduced by the Windfall Elimination Provision (WEP).*

### **CSRS Offset Employees**

Social Security is a component of CSRS Offset; employment under this coverage counts toward Social Security retirement benefits. During your working years you pay Social Security taxes, these taxes are used to pay Social Security benefits and Medicare coverage.

### **Social Security Taxes**

As a CSRS Offset employee, you and your employer pay regular Social Security taxes at the rate of 6.20%. The law that authorizes these payroll deductions is called the Federal Insurance Contributions Acts (FICA). You might see this tax referred to as FICA or OASDI (Old Age, Survivors and Disability Insurance) on your leave and earning statement. Social Security was never intended to be a worker's sole source of retirement coverage. It was designed to supplement the primary source of retirement funding and as a replacement for wages lost upon retirement.

You also pay another tax, Medicare, which may be referred to as the Medical or Hospital Insurance Tax. This tax amounts to 1.45% of your wages, which, when added to your FICA/OASDI taxes, brings your total Social Security tax withholdings to 7.65%.

### **Eligibility**

In order for you to be eligible for Social Security benefits, you must have paid into the system. As you work under Social Security, you earn "credit" toward your eventual eligibility for benefits ("credits" were formerly called "quarters of coverage").

In 2002, a credit is worth \$870 of Social Security covered wages. This value is increased every year. A maximum of four credits can be earned in one year. As soon as the worker earns \$3,480 (2002), that worker will have earned all four credits for 2002. Anyone retiring now will need 40 credits to be insured or eligible for Social Security benefits.

The fact that a worker earns these credits does not increase his/her eventual Social Security retirement benefits. It just makes him/her eligible for Social Security benefits. However, the amount of money earned during a working career will determine the eventual benefit.

### **"How Much Will I Get?"**

The amount of your benefit is based on and influenced by several factors including such things as your age, type of benefit you are applying for, your earnings history, and your former employment history (for example, CSRS employees are not covered under Social Security). Your Social Security benefit is computed using a five step formula.

**Step 1** - Social Security Earnings since 1951 are listed.

**Step 2** - Earnings are adjusted for changes in average wages. This is called “**Indexing**”.

**Step 3** - Highest 35 years of earnings are selected. Non-covered service, such as CSRS, will be reflected as zero earnings and are included in the high-35.

**Step 4** - The earnings for these years are totaled and divided by 420 (number of months in 35 years) to get the Average Indexed Monthly Earnings (AIME)

**Step 5** - A three level formula is applied to the AIME to the Primary Insurance Amount (PIA):

- Multiply the first \$592 of the AIME rate by 90%
- Multiply the next \$3,567 of the AIME by 32%
- Multiply any remaining amount by 15%

Social Security benefits are based on the worker’s average monthly earnings adjusted for inflation. When benefits are computed, your average earnings are separated into three amounts and then multiplied using three factors. For example, for a worker who turns 62 in 2002, **the first \$592 of the average monthly earnings is multiplied by 90%; the next \$3,567 is multiplied by 32%; and the remainder by 15%.**

You can get “Your Social Security Statement” from Social Security simply by asking for it -- and it’s FREE! Social Security has recently revised the publication, “Your Social Security Statement”. You may know it under it’s old name, “Personal Earnings and Benefit Estimate Statement” (PEBES). In 1999 Social Security began mailing benefits statements three months before your birthday. You should carefully check your statement to ensure that all your Social Security covered earnings have been properly credited. Your CSRS earnings will be reflected as Medicare covered earnings. If you find an error on your statement you should immediately contact Social Security. The statement will not reflect an accurate estimate of benefits for CSRS employees as it does not account for the Windfall Elimination Provision (WEP).

### **“When & How Should I Apply”**

Social Security suggests that you apply for benefits approximately 3 months before you want your benefits to start. You can apply for benefits on the SSA web site or through your local Social Security office. You should have your Social Security card, your birth certificate, your marriage certificate, and your most recent W-2’s (the last 2 years are usually sufficient). If you don’t have all this information, don’t delay your appointment with Social Security, they can usually assist or advise you on how to obtain these documents.

### **“When Can I Start Getting Retirement Benefits?”**

You can begin receiving reduced benefits as early as age 62 (age 60 for widows and widowers). The disadvantage is that your benefits are permanently reduced; the advantage is that, depending upon how long you live, you can collect benefits for a longer period of time.

You can choose to begin receiving full benefits at age 65 (or, in some cases, later). Currently the full retirement age is 65, however, that is gradually increasing to age 67 over the next several years.

### **Publications Available For You**

Your local Social Security office is your best source of information concerning your Social Security benefits. They have numerous publications concerning your Social Security benefits. They have numerous publications concerning retirement, disability, Medicare, and Supplemental Security Income. Here's a list of publications from Social Security that may prove helpful:

- Retirement - a guide to retirement benefits (pub #05-10035)
- Disability - a guide to disability benefits (pub #05-10029)
- Survivors - a guide to survivor benefits (pub #05-10084)
- Medicare - a guide to the Medicare program (pub #05-10043)
- SSI - a guide to Supplemental Security Income (pub #05-11000)

### **“Fact Sheets”**

- How Your Retirement Benefit is Figured (pub #05-10070)
- “Government Pension Offset (pub #05-10007)
- A Pension From Work Not Covered By SS (pub #05-10045)
- How Work Affects Your SS Benefit (pub #05-10069)
- Military Service & Social Security (pub #05-10017)

# Government Pension Offset (GPO)

A GPO goes into effect when a Federal employee has an *earned* (not survivor) Civil Service Annuity, based on Federal employment not covered by Social Security, *and* the Federal employee is also eligible for an *unearned* Social Security benefit as the spouse of a Social Security worker. The GPO *does not apply* to the Social Security Benefit which the Civil Service Annuitant has earned on his/her own work record.

This is a Social Security law, not a Civil Service law. Your Civil Service Annuity is not affected. Your spousal benefits under the Social Security law may be reduced or eliminated as a result of your drawing a Government pension. Some Civil Service employees may be exempt from the GPO:

- Federal employees, including Civil Service Offset employees, who are mandatorily covered under Social Security. (Civil Service Offset employees are federal employees rehired after December 31, 1983, following a break in service of more than 365 days and who had five years of prior CSRS employment).
- Federal employees who chose to switch from CSRS to FERS on or before December 31, 1987, as well as those employees who were allowed to make a belated switch to FERS through June 30, 1988. Employees who switched outside of these periods, including those who switched during the open season from July 1, 1998 through December 31, 1998, **need five years under FERS to be exempt from the government pension offset.**
- If the Federal retiree was eligible to receive a Government pension before December 1, 1982 for women, or January 1, 1977 for men, *and* meets all of the requirements for Social Security spousal benefits in effect in January 1977.
- If the Federal retiree was eligible to receive or was receiving a Government pension before July 1, 1983 and was receiving at least one-half support from the spouse.

If the Federal retiree is not exempt from the GPO, two thirds of the Government pension will be subtracted (offset) from the *unearned* spouse's benefit under Social Security. The remainder, if any, will be payable as a Social Security spousal benefit.

For example, assume Jane, a Federal employee, becomes eligible to retire under CSRS. Her Federal pension is \$900 per month. Her husband is entitled to \$860 Social Security monthly benefit at age 65. If Jane has not earned her own Social Security benefit, she would ordinarily be entitled to one-half of her husband's benefit ( $\$860 \times 1/2 = \$430$  per month) as a spousal benefit. However, since Jane is drawing a Government pension of \$900 per month and is not exempt from GPO, two-thirds of the Government pension (\$600) will be offset against the \$430, thus eliminating her spousal benefit under Social Security. If her Government pension were only \$600 per month, two thirds of that amount, or \$400 would be subtracted from the \$430 spousal benefit under Social Security. Jane would be entitled to \$30 as a spousal benefit.

# The Windfall Elimination Provision

The windfall elimination provision goes into effect when a Federal retiree receives a pension from a job where there were no Social Security taxes paid (CSRS) and the retiree also has enough Social Security credits to be eligible for retirement or disability benefits. A modified formula may be used to figure the Social Security benefit amount. This modified formula will give a lower Social Security benefit, but it will not affect the pension from the Federal government (CSRS). This reduction is known as the “windfall elimination provision.”

The modified formula applies to you if you reach 62 or become disabled after 1985 and first become eligible after 1985 for a monthly pension based in whole or in part on work where you did not pay Social Security taxes. You are considered eligible to receive a pension if you meet the requirements of the pension, even if you continue to work. The modified formula is used in figuring your Social Security benefit beginning with the first month you get both a Social Security benefit and the other pension.

Social Security benefits replace a percentage of a worker’s pre-retirement earnings. The formula used to compute benefits includes factors that ensure lower-paid workers get a higher return than highly paid workers.

Before the law was changed in 1983, benefits for persons who spent time in jobs not covered by Social Security were computed as if they were long-term, low-wage workers. They received the advantage of the higher percentage benefits in addition to their other pension. The modified formula eliminates this windfall.

Social Security benefits are based on the worker’s average monthly earnings adjusted for inflation. When benefits are computed, your average earnings are separated into three amounts using a three tiered formula. **For example, for a worker who turns 62 in 2002, the first \$592 of the average monthly earnings is multiplied by 90%; the next \$3,567 is multiplied by 32%; and the remainder by 15%.**

The 90% factor is reduced in the modified formula. For those who reach 62, or become disabled in 1990 or later, the 90% factor may be reduced to 40%.

There are exceptions to this rule. For example, the 90% factor is not reduced if you have 30 or more years of “substantial” earnings in a job where you paid Social Security taxes. The following table lists the amount of earnings considered “substantial” for each year.



<b>Year</b>	<b>Wages Needed for Year of Coverage</b>	<b>Year</b>	<b>Wages Needed for Year of Coverage</b>
1937-50	\$900*	1985	7,425
1951-54	900	1986	7,875
1955-58	1,050	1987	8,175
1959-65	1,200	1988	8,400
1966-67	1,650	1989	8,925
1968-71	1,950	1990	9,525
1972	2,250	1991	9,900
1973	2,700	1992	10,350
1974	3,300	1993	10,725
1975	3,525	1994	11,250
1976	3,825	1995	11,325
1977	4,125	1996	11,625
1978	4,425	1997	12,150
1979-80	4,725	1998	12,675
1981	5,550	1999	13,425
1982	6,075	2000	14,175
1983	6,675	2001	14,925
1984	7,050	2002	15,750

*\*Total credited earnings from 1937-50 are divided by \$900 to get the number of years of coverage (maximum of 14 years).*

If you have 21 to 29 years of substantial earnings, the 90% factor is reduced to somewhere between 45 and 85%. The following table shows the percentage used depending on the number of years of “substantial” earnings.

<b>Years Under Social Security</b>	<b>Social Security Factor will be:</b>
30 or more	90%
29	85%
28	80%
27	75%
26	70%
25	65%
24	60%
23	55%
22	50%
21	45%
20 or less	40%

There are some exceptions to this rule. The modified formula does not apply to survivor's benefits. It also does not apply to you if:

- You are a federal worker hired after December 31, 1983;
- You were employed on December 31, 1983, by a nonprofit organization that was exempt from Social Security and it became mandatorily covered under Social Security on that date;
- Your only pension is based on railroad employment;
- Your only work where you did not pay Social Security taxes was before 1957; or
- You have 30 or more years of substantial earnings under Social Security.

This information is from the Social Security Administration Publication No. 05-10045

You can get recorded information 24 hours a day, including weekends and holidays, by calling Social Security's toll-free number, **1-800-772-1213**. You can speak to a service representative between the hours of 7 a.m. and 7 p.m. on business days. Whenever you call, have your Social Security number handy.

People who are deaf or hard of hearing may call Social Security's toll-free TTY number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

# Social Security Retirement Age

## (Adjustment For Early Or Late Retirement)

YR. OF BIRTH	NORMAL RETIREMENT AGE (YR/MO)	AGE 62	AGE 63	AGE 64	AGE 65	AGE 66	AGE 67	AGE 68	AGE 69	AGE 70
1924	65/0	.800	.867	.933	1.000	1.030	1.060	1.090	1.120	1.150
1925-26	65/0	.800	.867	.933	1.000	1.035	1.070	1.105	1.140	1.175
1927-28	65/0	.800	.867	.933	1.000	1.040	1.080	1.120	1.160	1.200
1929-30	65/0	.800	.867	.933	1.000	1.045	1.090	1.135	1.180	1.225
1931-32	65/0	.800	.867	.933	1.000	1.050	1.100	1.150	1.200	1.250
1933-34	65/0	.800	.867	.933	1.000	1.055	1.110	1.165	1.220	1.275
1935-36	65/0	.800	.867	.933	1.000	1.060	1.120	1.180	1.240	1.300
1937	65/0	.800	.867	.933	1.000	1.065	1.130	1.195	1.260	1.325
1938	65/2	.792	.856	.922	.989	1.054	1.119	1.184	1.249	1.314
1939	65/4	.783	.844	.911	.978	1.047	1.117	1.187	1.257	1.327
1940	65/6	.775	.833	.900	.967	1.035	1.105	1.175	1.245	1.315
1941	65/8	.767	.822	.889	.956	1.025	1.100	1.175	1.250	1.325
1942	65/10	.758	.811	.878	.944	1.012	1.087	1.162	1.237	1.312
1943-54	66/0	.750	.800	.867	.933	1.000	1.080	1.160	1.240	1.320
1955	66/2	.742	.792	.856	.922	.989	1.067	1.147	1.227	1.307
1956	66/4	.733	.783	.844	.911	.978	1.053	1.133	1.213	1.293
1957	66/6	.725	.775	.833	.900	.967	1.040	1.120	1.200	1.280
1958	66/8	.717	.767	.822	.889	.956	1.027	1.107	1.187	1.267
1959	66/10	.708	.758	.811	.878	.944	1.013	1.093	1.173	1.253
1960 & later	67/0	.700	.750	.800	.867	.933	1.000	1.080	1.160	1.240
<b>EXAMPLE:</b>	Born 1943:									
	w/\$500 PIA	\$375	\$400	\$433	\$466	\$500	\$540	\$580	\$620	\$660
	w/\$692 PIA	\$519	\$554	\$600	\$646	\$692	\$747	\$803	\$858	\$913

The Social Security Amendments of 1983 increased the retirement age when unreduced benefits are available. The 1983 amendments do not change the availability of reduced benefits at age 62.

A fully insured worker may begin receiving retirement benefits the month after he or she reaches age 62 (or the month he or she reaches age 62 if his or her birthday is on the first day of the month). If the worker elects to begin receipt of benefits before Normal Retirement Age, the benefit is permanently reduced.

# Earnings Can Affect Your Benefits

If you receive Social Security retirement or survivors benefits and you're still working, you can earn a substantial amount of money while receiving some benefits. However, your benefits will be reduced if you earn over certain limits.

If you are under age 65, you can earn up to \$10,680 with no reduction in your Social Security benefits. If you earn more than that, \$1 in benefits is withheld for every \$2 you earn over \$10,680

If you're age 65 or older, the earnings limits no longer apply.

Whether or not you want to work and how much you want to earn are your decisions. But you shouldn't necessarily keep your earnings under Social Security's limits because you think you'll lose too much money. These examples explain why:

Ted Green is 63 years old and receives a monthly Social Security benefit of \$600—or \$7,200 per year. In 2002, he takes a part-time job but decides to stop working when his earnings reach \$9,500—just so he's safely under Social Security's \$10,680 earnings limit. His total income is \$16,700

\$ 7,200 in Social Security

\$ 9,500 in earnings

\$16,700 total earnings

His 63 year old neighbor, Maria Gomez, also receives \$600 in monthly Social Security benefits—or \$7,200 per year. However, she takes a job that will pay her \$20,000 in 2002. That's \$9,320 over the limit. Social Security withholds \$1 from her Social Security benefit for every \$2 over the limit, or \$4,660 of her Social Security benefits ( $\$9,320 \div 2 = \$4,660$ ). That means she'll still receive \$2,540 from Social Security ( $\$7,200 - \$4,660 = \$2,540$ ). Her total income is \$22,540:

\$ 2,540 in Social Security

\$20,000 in earnings

\$22,540 total earnings

Although Mr. Green receives all his Social Security benefits while Ms. Gomez has \$4,660 in benefits withheld, Ms. Gomez comes out substantially ahead in overall income because of her higher earnings. There's another way Ms. Gomez may come out ahead.

When you work, you pay Social Security taxes. And because you pay these taxes, Social Security refigures your benefits to take into account your extra earnings. If the worker's earnings for the year are higher than the annual earnings test that were used in the original benefit computation, Social Security substitutes the new year of earnings. The higher your earnings, the more your refigured benefit might be. Because Ms. Gomez's earnings are higher, she will probably get a greater increase in her Social Security benefits than Mr. Green. Ms. Gomez also earns a 4.5 percent delayed retirement credit for each year she works until she reaches age 70.

If you work for someone else, only your wages count toward Social Security's earnings limits. If you're self-employed, only your net earnings from self-employment count. In either case, non-work income such as investment earnings, interest, pensions, annuities, capital gains and other government benefits do not count.

# **Frequently Asked Questions Regarding Social Security Benefits**

## **1. What documents will I need when I apply for Social Security benefits?**

To prove your eligibility for Social Security and assist the agency in processing your claim will depend on the circumstances of your claim. Here is a list of some of the documents you can use:

- Your Social Security card (or a record of your number)
- Your birth certificate
- Children's birth certificate (if they are applying)
- Marriage certificate
- Your most recent W-2 form
- Your military discharge papers if you have military service
- You must bring or mail the original documents, or certified copies, to the local Social Security office, where they will be photocopied and returned to you.

## **2. I will be 62 on August 2 of this year and that is when I plan on retiring. Will my first benefit check be for the month of August or September?**

Since you were born on the first or second day of the month, you will be eligible the month you were born. In this case, August. But, in most cases, Social Security retirement benefits do not begin the month the person reaches 62; benefits usually begin the following month. To receive retirement benefits, you must be at least age 62 for the entire month.

## **3. What Social Security benefits are available for retired or disabled workers and their families?**

- a) A monthly Retirement benefit for a retired, insured worker.
- b) A monthly Disability benefit for a disabled worker.
- c) A monthly Spouse's benefit for a retired or disabled worker's spouse if: he or she is at least 62 years old, 50 years old if disabled or any age if caring for at least one child (under age 16, or over age 16 and disabled) of the retired or disabled worker.
- d) A monthly Child's benefit for a retired or disabled worker's child if the child is under age 18 or age 18 and a full-time high school or elementary school student, or age 18 or over and disabled.

## **4. What are the requirements for a worker to be insured for Social Security retirement benefits?**

A person is fully insured if he/she has **40 credits or quarters**. This usually translates to 10 years of Social Security covered employment. When this is achieved the worker is fully insured for life. Additionally, a worker may be insured if he/she has at least 6 quarters of coverage, and he/she has acquired at least as many credits as there are years elapsing after 1950 (or, if later, after the year in

which the worker reaches age 21) and before the year in which the worker dies, becomes disabled or reaches age 62, whichever occurs first.

## **5. In general, what requirements must be met to qualify for Social Security disability benefits?**

A worker is entitled to disability benefits if he or she:

- a) is insured for disability benefits
- b) is under age 65
- c) has been disabled for 12 months, or is expected to be disabled for at least 12 months, or has a disability which is expected to result in death
- d) has filed an application for disability benefits
- e) has completed a 5-month waiting period or is exempted from this requirement

## **6. What are the criteria to be insured for disability benefits under Social Security?**

A person is insured for disability benefits if he/she is fully insured and has earned at least **20 credits out of the last 40** calendar quarter period ending with the quarter in which the person is determined to be disabled. Typically, if the employee worked under Social Security for at least five of the last 10 years before becoming disabled, this requirement will be satisfied.

Special rules apply if the disability begins between the ages of 24 and 31. If the disability begins between the ages of 24 and 31 the employee must have earned at least one-half (but not less than six) of the possible quarters after reaching age 21 and before becoming disabled. Thus if a person becomes disabled in the quarter in which he attains age 25, he/she must have 8 credits earned within the 16 quarter period ending with the quarter in which the disability began.

## **7. When do Disability Benefits Start?**

If Social Security decides you are disabled, in most cases your monthly benefits will begin with the sixth full month of your disability. Here's a simple example of how this works:

John has a severe heart attack on March 15. He files for disability on March 29, and his claim is approved on March 30. September is the sixth full month that he is disabled, so his benefits begin on that month. Social Security checks are usually paid the following month, so John's first check will arrive in October.

## **8. Is the spouse of a retired or disabled worker entitled to benefits?**

An individual is entitled to spouse's benefits on a worker's Social Security record if:

- a) The worker is entitled to retirement or disability benefits, and
- b) The individual has filed an application for spouse's benefits, and
- c) The spouse is not entitled to a retirement or disability benefit based on a primary insurance amount equal to or larger than one-half of the worker's primary insurance amount, and
- d) The spouse is either age 62 or over, or has "in care" a child under age 16 or disabled, who is entitled to benefits on the worker's Social Security record.

The spouse must have been married to the worker for at least one year just before filing an application for benefits, or the spouse must be the natural parent of the worker's biological child.

**9. If the spouse of a retired worker starts receiving a spouse's benefit before Normal Retirement Age, how is the benefit reduced?**

The spouse's full benefit is determined. This is one-half of the retired worker's full (unreduced) benefit, sometimes called the Primary Insurance Amount. The spouse's full benefit is then reduced by 25/36 of 1 percent (1/144) for each of the first 36 months that the spouse is under Normal Retirement Age when benefits commence and by 5/12 of 1 percent (1/240) for each month in excess of 36. This same reduction applies to benefits payable to former spouses.

**10. What does having a child "in care" mean?**

Having a child in care is a basic requirement for spouse's benefits when the spouse is under age 62 or if that spouse is applying for mothers and fathers benefits on the deceased worker's record. "In care" means that the parent exercises parental control and responsibility for the welfare and care of a child under age 16 or a child older than age 16, who is disabled or mentally incompetent.

**11. I am a divorced spouse of a retired worker. Could I be entitled to any benefits?**

You may be if you were married to the retiree for 10 years before the divorce, you are age 62 or over and you are not married. Additionally, your former spouse must be eligible for retirement or disability benefits. A divorced spouse who is age 62 or over and who has been divorced for at least two years is able to receive benefits based on the earnings of a former spouse who is eligible for retirement benefits. The two-year waiting period is waived if the worker was entitled to benefits prior to the divorce. You should contact your local Social Security office to get more details and to file an application for divorced spouse's benefits.

The amount of a divorced spouse's benefit is calculated in the same manner as that of a spouse. Typically that amount will equal 1/2 of the beneficiary's former spouse's unreduced benefit. A divorced spouse's benefit is paid independently of other family benefits.

# Social Security



## Military Service And Social Security

The earnings for active duty military service or active duty training have been covered under Social Security since 1957. Social Security has covered inactive duty service in the armed forces reserves (such as weekend drills) since 1988. However, people who served in the military before 1957 did not pay into Social Security directly, but their records are credited with special earnings for Social Security purposes that count toward any benefits that might be due them. Additional earnings credits are given to military personnel depending on when they served. This factsheet explains how and when these special earnings are credited and provides other information military personnel need to know about the benefits available from Social Security.

### Social Security And Medicare Taxes

While you're in military service (from 1957 on), you pay Social Security taxes like civilian employees do. Those taxes are deducted from your pay and the U.S. government as your employer pays an equal amount. In 2002, the tax rate is 7.65 percent up to a maximum of \$84,900. If you earn more, you continue to pay the Medicare portion of the tax (1.45 percent) on the rest of your earnings. Remember, the contributions you and your employer make go to pay for Social Security and Medicare benefits.

### How You Earn "Credits"

To qualify for benefits, you earn "credits" through your work—up to four each year. This year, for example, you earn one credit for each \$870 of wages. When you've earned \$3,480, you've earned four credits for the year. The amount needed for each credit goes up each year to reflect increases in average wages. The number of credits you need to qualify for Social Security depends on your age and the type of benefit you might be eligible to receive. No one needs more than 40 credits (10 years of work or military service) to be eligible for Social Security.

### Extra Earnings And Credits

Your Social Security benefit depends on your earnings averaged over your working lifetime. Generally, the higher your earnings, the higher your Social Security benefit.

Under certain circumstances, special earnings can be credited to your military pay record for Social Security purposes. The extra earnings credits are granted for periods of active duty or active duty for training. These extra earnings may help you qualify for Social Security or increase the amount of your Social Security benefit. (No additional earnings are granted for inactive duty training, and Social Security cannot add extra earnings credits to your earnings record until you file for Social Security benefits.)

Additional earnings are granted for:

#### Service In 1978 And Later

For every \$300 in active duty basic pay, you are credited with an additional \$100 in earnings up to a maximum of \$1,200 a year. If you enlisted after Sept. 7, 1980, and didn't complete at least 24 months of active duty or your full tour, you may not be able to receive the additional earnings. Check with Social Security for details.

#### Service In 1957 Through 1977

You are credited with \$300 in additional earnings for each calendar quarter in which you received active duty basic pay.

#### Service In 1940 Through 1956

If you were in the military during this period, including attendance at a service academy, you did not pay Social Security taxes. However, your Social Security record may be credited with \$160 a month in earnings for military service from Sept. 16, 1940, through Dec. 31, 1956, under the following circumstances:

- you were honorably discharged after 90 or more days of service, or you were released because of a disability or injury received in the line of duty; or
- you are still on active duty; or
- you are applying for survivors benefits and the veteran died while on active duty.

You cannot receive these special earnings credits if you're receiving a federal benefit based on the same years of service. There is one exception to this rule: if you were on active duty after 1956, you can still get the special earnings for 1951 through 1956, even if you're receiving a military retirement based on service during that period.

*Military Service And Social Security*



## Your Benefits

Did you know that Social Security is more than retirement? If you die, your spouse and dependent children may be eligible for benefits. It also can supply much needed financial help to you and your family if you become disabled. If you're a young person who has worked and paid Social Security taxes for as few as 18 months, it's possible that you may be eligible for disability benefits for you and your family.

Your Social Security benefit amount depends on how much you earned, and it goes up automatically with the cost of living. For more information about these benefits ask us for this booklet, **Understanding The Benefits** (Publication No. 05-10024).

When you apply for Social Security benefits, you'll be asked for proof of your military service (DD Form 214) or information regarding your reserves or National Guard service.

## If You Get Both Social Security And Military Retirement

Generally, you'll get your full Social Security benefit based on your earnings. However, your Social Security benefit may be reduced if you also receive a government pension based on a job in which you didn't pay Social Security taxes. Contact us for the factsheet, **The Windfall Elimination Provision** (Publication No. 05-10045).

Social Security survivors benefits may affect benefits payable under the optional Department of Defense Survivors Benefit Plan. Check with the Department of Defense or your military retirement advisor for more information.

## If Your Child Gets SSI

SSI pays monthly benefits to people with low incomes and limited assets who are age 65 or older or blind or disabled. If you have a child who gets SSI, those payments may continue if you're stationed outside the United States (including Puerto Rico and U.S. territories and possessions) while in military service and the child lives with you. Your child must have received SSI the month before you reported for duty.

## When You're Eligible For Medicare

If you have health care protection from the Department of Veterans Affairs (VA) or under the CHAMPUS or CHAMPVA program, your health benefits may change or end when you become eligible for Medicare. You should contact the VA, the Department of Defense or a military health benefits advisor for more information.

## What Social Security Can Mean To You And Your Family

### Work And Get Retirement Benefits

You can retire as early as age 62. But, you can continue to work and still get retirement benefits. If you're under your full retirement age, there are limits on how much you can earn without losing some or all of your retirement benefits. These limits change each year. When you apply for benefits, we'll tell you what the limits are at that time and whether work will affect your monthly benefits. When you reach your full retirement age, the earnings limits no longer apply.

Because of longer life expectancies, the full retirement age will gradually increase until it reaches age 67. This change starts in 2003, and affects people born in 1938 and later. To help you decide when is the best time for you to retire, contact us for this booklet, **Retirement Benefits** (Publication No. 05-10035).

## For More Information

Check our website at [www.ssa.gov](http://www.ssa.gov) for answers to many of the questions you may have about Social Security, or to apply for retirement benefits online. You also can call us toll-free at **1-800-772-1213**. We can answer specific questions by phone from 7 a.m. until 7 p.m. on business days and provide information by automated phone service 24 hours a day. If you are deaf or hard of hearing, you can call our TTY number, 1-800-325-0778 between 7 a.m. and 7 p.m. on business days.

We treat all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. We also want to make sure you receive accurate and courteous service. That's why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

### Social Security Administration

SSA Publication No. 05-10017

February 2002

ICN 452760

Unit of Issue: FID (one hundred)

 Printed on recycled paper

# **HOW YOUR RETIREMENT APPLICATION IS PROCESSED**

# **Processing Your Retirement**

*When you decide on a retirement date, you should contact your servicing personnel office at least three to six months in advance to file your retirement application. Your personnel office will assist you in completing the necessary forms. Once completed, the office will certify and ensure that all forms are completed. The retirement package will be forwarded to your servicing payroll office. At this point, you will receive your last paycheck, and payment for your unused annual leave. Your individual retirement record will be certified and forwarded with the retirement package to the Office of Personnel Management (OPM).*

## **OPM**

- 1. Sends acknowledgment of your application**
  - With your claim number (CSA xxxxxx).
- 2. Authorizes “Special Payments.”**
  - Approximately 75% to 80% of full annuity.
- 3. Processes your application.**
  - Computes the amount of your annuity.
  - Sends election letters and booklet, “Your Federal Retirement Benefits”.
  - Determines eligibility for continued Health Benefits and Life Insurance Coverage.
- 4. Authorizes “initial check” and regular annuity payments.**
- 5. Sends annuity statement and other information.**

## **Average Time Frames For Processing Nondisability Annuities At OPM**

<b>Event</b>	<b>* Weeks Since Receipt Of Records</b>
<b>Interim Pay Authorized</b>	<b>2</b>
<b>Receive CSA # &amp; Acknowledgment</b>	<b>Less than 3</b>
<b>Receive Interim Pay Check</b>	<b>3-4</b>

**\*Payroll has up to 2 pay periods (30 days) to forward the retirement records to OPM after your separation. In most cases, you will receive your last paycheck in the regular pay cycle, followed by the payment of your unused annual leave. Your annual leave payment will have only Federal, State, Medicare, and Social Security (as appropriate) deductions taken out. For your planning purposes, you should allow 8-10 weeks for the receipt of interim pay from OPM from your retirement date.**

**Contacting OPM:** Once you receive your CSA number, you may contact OPM by calling their Retirement Information Office at either the nationwide toll-free number, 1-888 US OPM RET (1-888-767-6738) or, for customers within the Washington, DC, calling area, (202) 606-0500, or, for hearing impaired customers, 1-800-878-5707 (TDD). When you call, you can use the automated phone system, which is available 24 hours a day, seven days a week, or talk to a Customer Service Specialist from 7:30 a.m. to 5:30 p.m. Eastern time, Monday through Friday.

To use the automated phone system's features, you will need your CSA number and your Personal Identification Number (PIN). After OPM completes processing your retirement, they will send you a PIN. You can also obtain a PIN by calling a Customer Service Specialist, who will arrange to have a PIN mailed to you.

Some of the things you can do using the automated system include:

- Report a missing payment
- Change your address
- Change Federal and state income tax withholding amounts
- Request verification of your income
- Request the current value of your life insurance
- Request verification of the survivor benefits you are providing
- Request retirement forms and brochures

OPM is continuing to add features to the automated system to permit you to take actions yourself.

(The automated features are not available if you call OPM on a rotary telephone. You would need to speak to a Customer Service Specialist.)

You can also contact OPM on the Internet at <http://www.opm.gov/retire/> to obtain retirement information, forms, and brochures, and to report a missing payment or the death of an annuitant.

If you need to write to OPM, the mailing address for general correspondence is:

**U.S. Office of Personnel Management  
Retirement Operations Center  
Post Office Box 45  
Boyers, PA 16017-0045**

# Addresses For Use After Retirement

Anytime that a person writes to OPM about retirement or survivor benefits, they should include their claim number (CSA or CSF number followed by 7 digits), date of birth and Social Security number in the letter. They must also include their signature on any correspondence that they send to OPM.


<p>Address general correspondence to:</p> <p>U.S. Office of Personnel Management Retirement Operations Center Boyers, PA 16017</p>	<p>AND</p>	<p>For specific situations listed in Box 1 below, write to:</p> <p>U.S. Office of Personnel Management P.O. Box (insert correct box number here) Washington, DC 20044</p>
--	------------	---

For specific situations listed in Box 2 below, write to the address shown.

1. In the Following Situations	Write to:
To report that a regular monthly payment was lost or not received. First, the annuitant should contact his/her post office (or bank) to see if delivery might have been delayed. If the annuitant has not received the payment by the fifth business day after the expected payment date, he/she should write to OPM. The annuitant must sign the correspondence notifying OPM of the nonreceipt of an annuity payment. They may also telephone about this by calling (202) 606-0500.	P.O. Box 7815
To obtain Federal Tax Election forms (form W4-P/A) in order to change income tax withheld from annuity payments.	P.O. Box 961
General inquiries about health benefits. Enrollees are notified about the special mailing address for questions about the annual "Open Season" before each Open Season begins.	P.O. Box 14172
To notify OPM about a dispute over a health benefits claim with an annuitant's health benefits carrier that he/she wants OPM to review.	P.O. Box 436
General inquiries about Federal tax withholding. For information about State tax withholding, contact the State revenue service.	P.O. Box 989
Inquiries about garnishment of annuity for alimony or child support; apportionment of annuity awarded by a court; and court ordered survivor benefits.	P.O. Box 17
To respond to an OPM Disability Earnings Survey or Marital Status Survey.	P.O. Box 579
To submit Certification of Continued Entitlement to Adult Student benefits, or to inquire about such benefits.	P.O. Box 956
To send payments for deposits, redeposits, and overpayments (debts). The annuitant should include his/her claim number on the check and should enclose the OPM statement associated with the payment.	P.O. Box 7125
2. In the Following Situations:	Write to:
To report a change of mailing address. (The annuitant must sign the correspondence.) Annuitants must notify OPM about any change of address, even if they have their annuity payments sent directly to a bank. OPM needs the correspondence mailing address for the purpose of sending important information (such as FEHBP "Open Season" packages) directly to the annuitant. Address changes may also be requested by calling (202) 606-0500.	OPM P.O. Box 440 Boyers, PA 16017-0440
To have monthly annuity payments sent to a bank by "direct deposit." The annuitant can ask the bank to complete a form "SF 1199A" and send it to OPM. These changes may also be requested by calling (202) 606-0500 if the annuitant can provide all the information requested on SF 1199A.	OPM P.O. Box 440 Boyers, PA 16017-0440
To report the death of a retiree or survivor write or telephone. In the letter please include the deceased's full name, claim number, date of death, date of birth, and Social Security number, if known, or call the Retirement Information Office on (202) 606-0500 or report the death and identifying information by calling the special phone number for reports of death (202) 606-0133. To apply for death benefits, survivors should request an Application for Death Benefits. If the deceased had FEGLI coverage, survivors should request a Life Insurance Claim for Death Benefits form.	OPM Retirement & Operations Center Boyers, PA 16017





	<b>APPLICATION FOR IMMEDIATE RETIREMENT</b> <b>CIVIL SERVICE RETIREMENT SYSTEM</b>	See Privacy Act Information on Instruction Sheet
---	---	--

**Section A - Identifying Information**

1. Name (Last, first, middle)		2. List all other names you have used	
3. Address (Number, street, city, State, ZIP Code)	4. Telephone number (incl. area code)	5. Date of birth (Month, day, year)	6. Social Security Number
7. Are you a citizen of the United States of America?		7a. Of what country are you a citizen?	
8. Is this an application for disability retirement?		(Ask your employing office about other documents you must submit)	

**Section B - Federal Service**

1. Department or agency from which you are retiring (including Bureau or Division, address and ZIP Code)		2. Date of final separation (Month, day, year)	
		3. Title of position from which you are retiring	
4. Have you performed active honorable service in the Armed Forces or other uniformed services of the United States (see instructions for definitions)?		<input type="checkbox"/> Yes → Complete Schedule A and attach to this form. <input type="checkbox"/> No	
5. Are you receiving or have you applied for military retired pay, including disability pay and/or pension or compensation from the Department of Veterans Affairs (formerly the Veterans Administration) in lieu of military retired pay? Note: If you later become entitled to military retired pay, you must notify OPM.		<input type="checkbox"/> Yes → Complete Schedule B and attach to this form. <input type="checkbox"/> No	

**Section C - Marital Information**

1. Are you married now? (A marriage exists until ended by death, divorce, or annulment.)		<input type="checkbox"/> Yes → (Also complete items 1a - 1f below) <input type="checkbox"/> No	
1a. Spouse's name (last, first, middle)		1b. Spouse's date of birth (Month, day, year)	1c. Spouse's Social Security No.
1d. Place of marriage (city, state)	1e. Date of marriage (Month, day, year)	1f. Marriage performed by: Clergy or Justice of the Peace Other (explain)	
2. Do you have a living former spouse(s) from whom you were divorced on or after May 7, 1965, and to whom a court order gives a survivor annuity?		<input type="checkbox"/> Yes (Attach a certified copy of the court order(s) and any amendments.) <input type="checkbox"/> No	

**Section D - Annuity Election**

Make your election by initialing the box beside the type of annuity you want to receive and give any other information requested. Read the information pages of the instructions and the explanations below and consider your election carefully. No change will be permitted after your annuity is granted except as explained in the instructions. If you

<p>1a. I CHOOSE A REDUCED ANNUITY WITH MAXIMUM SURVIVOR ANNUITY FOR MY SPOUSE (EQUAL TO 55% OF MY BASIC ANNUITY.) If you are married at retirement, you will automatically receive this type of annuity unless your spouse consents to your election not to provide maximum survivor benefits.</p> <p>INITIALS <input type="checkbox"/></p>	<p>1b. I CHOOSE A REDUCED ANNUITY WITH A PARTIAL SURVIVOR ANNUITY FOR MY SPOUSE EQUAL TO 55% OF \$ _____ A YEAR.* If you choose this option, you must attach SF 2801-2 showing your spouse's consent.</p> <p>INITIALS <input type="checkbox"/></p> <p>-OR-</p> <p>*The amount you select must be less than your yearly annuity.</p>		
<p>2. I CHOOSE AN ANNUITY PAYABLE ONLY DURING MY LIFETIME. (If you are married and elect this, attach SF 2801-2 showing your spouse's consent.) If you are married at retirement, you cannot choose this type of annuity without your spouse's consent. No survivor annuity will be paid to your spouse after your death if he or she consents to this election.</p> <p>INITIALS <input type="checkbox"/></p>			
<p>3. I CHOOSE A REDUCED ANNUITY TO PROVIDE A FORMER SPOUSE OR COMBINATION CURRENT/FORMER SPOUSE SURVIVOR ANNUITY. The attached SF 2801-3 gives my election. If you are married and elect this option, you must also attach SF 2801-2 showing your spouse's consent.</p> <p>INITIALS <input type="checkbox"/></p>			
<p>4. I CHOOSE A REDUCED ANNUITY WITH SURVIVOR ANNUITY FOR THE PERSON NAMED BELOW WHO HAS AN INSURABLE INTEREST IN ME. You must be healthy and willing to provide medical evidence if you choose this type of annuity. (Disability annuitants are not eligible to choose this type of annuity.) If you are married and name your spouse, you must attach SF 2801-2 showing your spouse's consent. (See the information page in the instructions.)</p> <p>INITIALS <input type="checkbox"/></p>			
Name of person with insurable interest	Relationship to you	Date of birth	Social Security Number

U.S. Office of Personnel Management  
 FPMR Supplement 635-1  
 National Stock Number 7540-00-554-4250

Standard Form 2801  
 Previous editions are not usable  
 Revised January 1999

**Section E - Insurance Information**

See the information in the instructions (Section E, page 7) about the requirements for continuing Federal Employee Health Benefits and Federal Employees' Group Life Insurance as a retiree.

1. Are you eligible to continue Federal Employees Health Benefits coverage as a retiree?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Are you eligible to continue Federal Employees' Group Life Insurance coverage as a retiree?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Section F - Other Claim Information**

1. Are you receiving, have you ever received, or have you applied for workers' compensation from the Department of Labor because of a job-related illness or injury?	<input type="checkbox"/> Yes (Complete Schedule C and attach to this form.) <input type="checkbox"/> No
2. Have you previously filed any application under the Civil Service Retirement System (for retirement, refund, deposit or redeposit, or voluntary contributions)?	<input type="checkbox"/> Yes (Complete Items 2a and 2b below.) <input type="checkbox"/> No
2a. Type of application	2b. Claim number(s)
Retirement Refund Deposit or Redeposit Voluntary Contributions	

**Section G (Optional) - Information About Your Unmarried Dependent Children**

1. Dependent Child's name (First, middle, last)	2. Date of birth (Mo., dy., yr.)	3. Disabled ( <input checked="" type="checkbox"/> )	1. Dependent Child's name (First, middle, last)	2. Date of birth (Mo., dy., yr.)	3. Disabled ( <input checked="" type="checkbox"/> )
		<input type="checkbox"/>			<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>
		<input type="checkbox"/>			<input type="checkbox"/>

**Section H - Applicant's Certification**

<b>WARNING</b> Any intentional false statement in this application or misrepresentation relative thereto is a violation of the law punishable by a fine of not more than \$10,000 or imprisonment of not more than 5 years, or both. (18 U.S.C. 1001)	I hereby certify that all statements made in this application are true to the best of my knowledge and belief. I have read and understand all of the information provided in the instructions to this application.	
	Signature (Do not print)	Date

**Applicant's Checklist**

This checklist is provided to help you be certain you have attached all necessary documentation and to help your employing office be certain it forwards all of your retirement documentation to the Office of Personnel Management. **IMPORTANT: The final processing of your application for retirement may be delayed if you fail to submit any forms or schedules which apply to you.**

	Yes	No
1. If you answered "yes" to Section B, item 4, did you attach Schedule A?		
2. If you completed Schedule A, did you attach a copy of your discharge certificate or other certification of active military service?		
3. If you answered "yes" to Section B, item 5, did you attach Schedule B?		
4. If you completed Schedule B and answered "yes" to item e, did you attach a copy of your request for waiver and a copy of the military finance office's acknowledgment or approval of your request for waiver (if available)?		
5. If you are married and you elect either less than full survivor benefits (Election 1b) or an annuity payable only to you during your lifetime (Election 2), did you attach SF 2801-2, Spouse Consent to Survivor Election?		
6. If you elected a former spouse or combination current/former spouse annuity (Election 3), did you attach SF 2801-3, Election of Former Spouse Survivor Annuity or Combination Current/Former Spouse Annuity? If you are married, did you also attach SF 2801-2, Spouse's Consent to Survivor Election?	<input type="checkbox"/>	<input type="checkbox"/>
7. If you are married and you elected an insurable interest survivor annuity (Election 4) for your spouse instead of a maximum or partial survivor annuity, did you attach SF 2801-2, Spouse's Consent to Survivor Election?		
8. If you answered "yes" to Section E, item 2, did you attach SF 2818, Continuation of Life Insurance Coverage?		
9. If you answered "yes" to Section F, item 1, did you attach Schedule C? If applying for disability retirement, did you also attach all medical evidence submitted to OWCP and any decision or evaluation received from OWCP, if available?		



**SF 2801 - Schedules A, B and C**

1. Name (Last, first, middle)	2. Date of birth (Month, day, year)	3. Social Security Number
-------------------------------	-------------------------------------	---------------------------

**Schedule A - Military Service Information**

1. If you have performed active honorable service in the Armed Forces, or other uniformed services shown below, complete 1a - 1f below and attach a copy of your discharge certificate or other certificate of active military service (if available). See instructions for definitions of Armed Services and Uniformed services.

a. Branch or Service	b. Serial Number	c. Dates of Active Duty		d. Last Grade or Rank	e. Organization at Discharge (Div., Co., etc.)
		From (Mo., dy., yr.)	To (Mo., dy., yr.)		

f. If any of your military service occurred on or after January 1, 1957, have you paid a deposit to your agency for this service? (You must pay this deposit to your agency before separation. You cannot pay OPM after you retire.) See Section B of the instructions for the effect on your annuity if the deposit is not paid.

	Yes No Not Applicable
--	-----------------------------

**Schedule B - Military Retired Pay**

1. If you are receiving or have applied for military retired or retainer pay (including disability retired pay), complete parts 1a - 1e below.

a. Are you receiving or have you ever applied for military retired pay or retainer pay?	Yes  No	d. Was your military retired or retainer pay awarded for a disability incurred in combat or caused by an instrumentality of war? (If "yes", attach a copy of the notice of award, if available.)	Yes  No
b. Have you waived all or part of your military retired or retainer pay in order to receive pension or compensation from the Department of Veterans Affairs?	Yes  No	e. Are you waiving your military retired or retainer pay in order to receive credit for military service for Civil Service retirement benefits? (If "yes", attach a copy of your request for waiver and a copy of the military finance officer's acknowledgement or approval of your request for waiver, if available.)	Yes  No
c. Was your military retired or retainer pay awarded for reserve service under Chapter 67, title 10? (If "yes", attach a copy of the notice of award, if available.)	Yes  No		

**Schedule C - Federal Employees Compensation Information**

1. Are you receiving or have you ever received worker's compensation from the Office of Workers' Compensation Programs (OWCP), Department of Labor, because of a job-related illness or injury?

Yes → (Complete parts 1a - 1c below)  
 No → (Go to question 2)

a. Compensation Claim Number	b. Benefits Received		c. Type of Benefit
	From (Mo., dy., yr.)	To (Mo., dy., yr.)	
			Scheduled Award
			Total or partial disability compensation
			Scheduled Award
			Total or partial disability compensation

2. If you have applied for workers' compensation (other than as listed in 1a above) but are NOT receiving benefits, check reason and give the information requested.

a. Awaiting OWCP decision	b. Claim denied
Compensation Claim Number	Compensation Claim Number
	Date Claim Denied

3. Except for periods of scheduled compensation awards, workers' compensation and Civil Service retirement benefits cannot be paid for the same period of time. Please review and complete the information below regarding your claim. **This section must be completed.**

a. Do you agree to notify OPM promptly if the status of your workers' compensation claim changes?	Yes No
b. By my signature below, I certify that I understand that I may not legally receive both retirement annuity and Compensation (except for a scheduled award) for the same period of time and that any overpayment of Compensation or annuity is subject to collection by OPM or OWCP.	

**Applicant's Certification**

I certify that all statements made on these schedules are true to the best of my knowledge and belief.	Signature (Do not print)	Date
--	--------------------------	------

## ACKNOWLEDGEMENT OF RECEIPT OF APPLICATION

AND

### CSA ID CARD

#### YOUR RETIREMENT APPLICATION HAS BEEN APPROVED

We have received your application for retirement. Your application will be processed as promptly as possible. NOTE: Applications for disability retirement require medical approval and generally take longer to process

As soon as we complete work on your application, we will send you information on the amount of your annuity, when to expect your first check, and other information of importance to you as a retired employee of the U.S. Government. If necessary, we will include in your first check any retroactive annuity due to cover the period while your case is being processed.

Be sure to notify us promptly of any change in your address, using the form at left, so that your change can be correctly mailed. Also notify your old post office of a change of address so they can forward mail to your new address.

Your regular monthly payments will be made by check on the first business day of the month, covering your annuity for the preceding month.

If you contact us for any reason, be sure to give us your Civil Service annuity claim number. Please retain the attached card as a permanent record of your claim number.

---

#### IDENTIFICATION CARD

The Individual named below is a member of the Civil Service Retirement System or the Federal Employees' Retirement System

**Claim Number**

**Name**



To contact us by phone, call the Retirement Information Office in Washington, D.C. at (202) 606-0500 between the hours of 7:30 a.m. and 5:00 p.m. Eastern time, Monday through Friday. This is not a toll-free call.

## Election of Former Spouse Survivor Annuity or Combination Current/Former Spouse Annuity

### Part 1 - Identification of the Applicant

Name	Date of birth	Social Security Number
------	---------------	------------------------

If your former spouse was awarded a survivor annuity by court decree or order,  
your annuity will be reduced to provide that benefit.

You do not need to elect a survivor annuity for that former spouse.

### Part 2 - Election

I elect a reduced annuity to provide a survivor annuity or survivor annuities for my current/former spouse(s) as follows:			
Name and address of current/former spouse	Date of marriage	Date of divorce*	Survivor annuity equal to _____ % of my annuity
	Date of birth	Social Security Number	
Name and address of current/former spouse	Date of marriage	Date of divorce*	Survivor annuity equal to _____ % of my annuity
	Date of birth	Social Security Number	
Name and address of current/former spouse	Date of marriage	Date of divorce*	Survivor annuity equal to _____ % of my annuity
	Date of birth	Social Security Number	
<b>Total (cannot exceed 55% of your unreduced annuity)</b>			_____ 0 %
Signature		Date	

\* If current spouse, enter "Not Applicable"

**Information:** You may elect a reduced annuity to provide a full (55% of your annuity) or partial (less than 55% of your annuity) survivor annuity for a former spouse, if you were married to that person for at least 9 months and you have at least 18 months of Federal service that was subject to civil service retirement deductions. A former spouse who marries before age 55 is not eligible for a survivor annuity.

If you are married and elect to provide a partial survivor annuity for a former spouse:

- You may also elect to provide a partial survivor annuity for your current spouse and/or former spouse(s). However, the sum of all survivor annuities cannot exceed 55% of your unreduced annuity.
- Your current spouse must consent to any election that does not provide him or her with a full survivor annuity.

If you are not married, you may elect partial survivor annuities for one or more former spouses. However, the sum of all survivor annuities cannot exceed 55% of your unreduced annuity.

To elect a former spouse annuity, initial Box 3 in Section D, of the SF 2801. Then complete and attach this form, which allows you to elect a benefit for a former spouse or to divide the benefit between your current spouse and former spouse(s).

Documents you must attach:

1. Attach copies of divorce decrees for all former spouses for whom you elect to provide a survivor annuity.
2. If you are married, you must also attach a completed SF 2801-2, Spouse's Consent to Survivor Election.

# **PLANNING FOR RETIREMENT**

# **Request for Retirement Estimate**

Please provide the information below and return by fax at 202-267-4995 or mail to:  
DOT/USCG (G-WPC-1) 2100 2<sup>nd</sup> St., SW, Room LW1, Washington, DC 20593. If you have  
questions regarding this form please call 202-267-2064, or 2074.

1. Name: \_\_\_\_\_ 2. DOB: \_\_\_\_\_

3. SSN: \_\_\_\_\_ 4. CSRS / CSRS OFFSET / FERS \_\_\_\_\_

5. Work Phone Number: \_\_\_\_\_

6. Are You Married? Yes \_\_\_\_\_ No \_\_\_\_\_

a. Do you have a former spouse with court ordered survivor coverage or for whom  
you are considering electing survivor coverage? Yes \_\_\_\_\_ No \_\_\_\_\_

7. Retirement Date: \_\_\_\_\_

8. Type of Retirement: \_\_\_\_\_  
Voluntary, Involuntary, Early, Disability, Deferred, Special (LEO/FF/ATC)

9. Military Service: From \_\_\_\_\_ To \_\_\_\_\_

10. Receive military retired pay? Yes \_\_\_\_\_ No \_\_\_\_\_

(a). Because of combat-incurred disability? Yes \_\_\_\_\_ No \_\_\_\_\_

(b). Retirement from Reserves (Title 10)? Yes \_\_\_\_\_ No \_\_\_\_\_

(c). Do you wish to waive and combine military retired pay?  
Yes \_\_\_ No \_\_\_ Undecided \_\_\_

11. Have you made a deposit for any military service after Dec 31, 1956? Yes \_\_\_ No \_\_\_

12. Will you be eligible for Social Security when you are age 62? Yes \_\_\_ No \_\_\_

13. Have you ever taken a refund of your retirement contributions? Yes \_\_\_ No \_\_\_  
If yes, have you paid back the refund to OPM? Yes \_\_\_ No \_\_\_

14. Have you paid a deposit for any Temporary (FICA Only) service? Yes \_\_\_ No \_\_\_

15. If eligible will you continue FEHB and FEGLI into retirement? Yes \_\_\_ No \_\_\_

Mailing Address (Where you would like your estimate sent)

---

---

---

Date of Request \_\_\_\_\_ Date Complete \_\_\_\_\_

# **Checklist For Counseling Retirees**

\_\_\_\_\_ **COMPLETING THE “NAME” INFORMATION:** When you complete your retirement application, always use your “official” name that is used on your payroll records. It is important that your name matches the payroll record. Ensure that you use the full name to include suffixes, such as Jr., III, etc.

\_\_\_\_\_ **PERMANENT ADDRESS:** Many people move after retirement. When completing the retirement application, use your permanent retirement address. The address listed on your retirement application is the only one that OPM will use to contact you.

\_\_\_\_\_ **DIRECT DEPOSIT:** When your data record is transferred to OPM, your current allotments and direct deposit will stop. P.L. 103-356 required annuity payments be paid through electronic funds transfer (EFT). A direct deposit form (SF 1199A) must be completed and send to OPM with your requirement package. If you choose not to receive you annuity through direct deposit, your must request, in writing, that this requirement be waived.

\_\_\_\_\_ **RECORDS:** Ensure that all documents to support relevant periods of service; (DD 214’s for military service, statements for deposit payments for civilian service, etc., are included with your retirement application. In addition, if you have previous periods of service recorded under other names, ensure those names are recorded in the appropriate block on your application.

\_\_\_\_\_ **COMMENCEMENT DATE OF ANNUITY:** If you retire voluntarily under the Civil Service Retirement System (CSRS), you can set your retirement date for the first, second, or third day of the month, and your annuity begins to accrue the following day. If you retire voluntarily on the fourth day or after, you will not begin to accrue an annuity until the following month. If you retire under the Federal Employee’s Retirement System (FERS), your annuity will begin to accrue the first day of the following month that you retired. For FERS, if you retire on April 1, you will not start to accrue an annuity until May 1, to be paid June 1. However, if you set your retirement date on March 30<sup>th</sup>, your annuity will begin to accrue on April 1, to be paid May 1.

\_\_\_\_\_ **ANNUAL LEAVE:** Upon separation from Federal service, you will receive a lump sum payment for your annual leave, which includes your regular carryover balance from the previous year, if any; plus accrued and unused annual leave during the current leave year; plus any restored annual leave maintained in a separate account. If you retire before your last scheduled work day of a pay period you will not earn leave for the final pay period. Taxes are applied to lump-sum payments in the year in which you receive the money. Example: An employee retiring September 30 could incur a larger tax burden by collecting almost a full year’s salary plus a large lump-sum payment for unused annual leave. Your lump sum payment is subject to withholdings for Social Security (if applicable), Medicare, Federal, and State income tax.



**CREDIT FOR SICK LEAVE:** Under CSRS, the total creditable service will include civilian, military, and sick leave to compute your annuity payments. The total is then rounded down to include full years and full months (excluding the days). If you elected FERS, you will receive credit for sick leave in your CSRS portion of the annuity computation, based on the lesser of (1) the amount of sick leave at the time of retirement or (2) the amount of sick leave when FERS was elected. If you are full FERS, you do not receive credit for sick leave for annuity computation.

**COST-OF-LIVING ADJUSTMENT (COLA):** For CSRS retirees, the first cost-of-living adjustment is prorated by using the following formula:

$$\frac{\text{COLA rate}}{12} \times \text{Number of full months on annuity roll} = \text{Prorated COLA}$$

FERS retirees do not receive a COLA until age 62, unless retired under special provisions (such as, law enforcement, firefighter, etc). If retired prior to age 62, the first cost-of-living adjustment will not be prorated if you reach your 62<sup>nd</sup> birthday before December 1. The increase is normally 1% less than the increase in the consumer price index as determined by law.

**LIFE INSURANCE:** Provide appropriate election forms.

**Basic Insurance:** Life insurance coverage is transferred into retirement if you have had coverage since the first opportunity to enroll or for five continuous years immediately preceding the date of your retirement. You must continue your Basic Life insurance in order to keep any of the Optional coverage. Unless you choose otherwise, your Basic Life will begin to reduce at the end of the month after the month that you reach age 65 (or when you retire, if later). As a retiree, you have three options:

- (1) **75% Reduction:** Cost before age 65 = \$.3358 per \$1,000 of Basic Insurance Amount (BIA); after age 65 = \$0. The amount of your insurance reduces 2% per month after age 65 to a minimum 25% of your BIA.
- (2) **50% Reduction:** Cost before age 65 = \$.9258 per \$1,000 of BIA; after age 65 = \$.59 per \$1,000. The amount of your insurance reduces 1% per month after age 65 to a minimum of 50% of your BIA.
- (3) **No Reduction:** Cost before age 65 = \$2.3758 per \$1,000 of BIA; after age 65 = \$2.04 per \$1,000. The amount of your insurance will equal 100% of your BIA and is retained after age 65.

**Optional Insurance:** You will pay the full cost to continue any of the following Optional insurance.

- (A) **Standard:** This option reduces by 2% of the pre-retirement amount per month until it reaches 25% of the pre-retirement amount effective at the end of the month after the month that you become age 65. After age 65, no withholdings are required.
- (B) **Additional:** You may elect either full reduction or no reduction. If you elect full reduction, until you reach age 65, premiums (based on age) will be withheld from your annuity at the same rate as active employees. After age 65, there is no cost, but the insurance value begins to reduce 2% per month until coverage is reduced to zero. If you elect no reduction, you will continue to pay premiums at the same rate as active employees and you will retain the full amount of your Option B Additional Insurance.
- (C) **Family:** You may elect either full reduction or no reduction. If you elect full reduction, premiums are withheld from your annuity at the same rate as active employees until you reach age 65. After age 65, there is no cost, but the insurance value begins to reduce 2% per month until coverage is reduced to zero. If you elect no reduction, you will continue to pay premiums at the same rate as active employees and you will retain the full amount of your Option C Family insurance.

**HEALTH INSURANCE:** Health insurance continues if you have been covered since first eligible or for five continuous years immediately prior to the date of your retirement. The cost will remain the same as if you were a current employee. However, unlike an employee, your health insurance premiums are withheld after your annuity is taxed. You have the same privileges as a current employee in making changes during open season and other changes that occur. The Office of Personnel Management will notify you of the open season periods. If you are not in receipt of cash benefits from Social Security, at age 65 you must register for Medicare by contacting your local Social Security office. During retirement, Medicare is the primary payer at age 65 and FEHB is secondary. Your spouse is eligible to continue FEHB coverage after your death only if you have self and family coverage and you elect to provide a survivor annuity at the time of retirement.

**THRIFT SAVINGS PLAN (TSP):** If you are enrolled in TSP when you retire, you will be given information about the options available. Your options include withdrawing all of your money in a lump-sum, electing equal payments, electing an annuity, rolling the money over into an IRA, or leaving the money in your TSP account. After retiring, you can no longer make contributions. If you decide to leave your money in the account, your account will continue to draw the appropriate earnings. However, you will need to begin receiving payments by April 1st of the year following the year in which you turn age 70 1/2. Ensure that the TSP Service Office always has your current address. You continue to receive Participant Statements, which provide account information and fund performance.

**REVIEW OF BENEFICIARY FORMS:** There are four separate beneficiary forms for your Federal benefits: lump sum retirement contributions (SF 2808/CSRS, SF 3102/FERS); unpaid compensation (SF 1152); Federal Employees' Group Life Insurance (SF 2823); and Thrift Savings Plan (TSP 3). The beneficiary forms will be valid in retirement. Make sure all forms are up-to-date with the name and current address of your designated beneficiaries

**PAYMENT SCHEDULE/INTERIM PAY:** You should receive your last salary payment on the normal schedule. After OPM has received your retirement application, you should receive an interim payment equal to approximately 85% of your full annuity. During the interim pay period, no deductions will be taken for health or life insurance. The interim payment schedule will continue until all records have been verified by OPM. At that time, you will receive a full annuity payment and retroactive annuity amounts that were not paid during the interim pay cycle minus FEHB, FEGLI, and other appropriate deductions. You will receive a "Benefits Booklet" that fully explains your retirement annuity and benefits.

**CONTACTING OPM:** Once you receive your Civil Service Annuitant (CSA) number, you may contact OPM by calling their Retirement Information Office at either the nationwide toll-free number, 1-888 US OPM RET (1-888-767-6738 or, for customers within the Washington, DC calling area, (202) 606-0500, or for hearing impaired customers, 1-800-878-5707 (TDD). When you call, you can use the automated phone system, which is available 24 hours a day, seven days a week, or talk to a Customer Service Specialist from 7:30 a.m. to 7:45 p.m. Eastern Standard Time, Monday through Friday.



To use the automated phone system's features, you will need your CSA number and your Personal Identification Number (PIN). After OPM completes processing your retirement, they will send you a PIN. You can also obtain a PIN by calling a Customer Service Specialist, who will arrange to have a PIN mailed to you.

Some of the things you can do by using the automated system include:

- Report a missing payment
- Change your address
- Change Federal and state income tax withholding amounts
- Request verification of your income
- Request the current value of your life insurance
- Request verification of the survivor benefits you are providing
- Request retirement forms and brochures

You can also contact OPM on the Internet at <http://www.opm.gov/retire> to obtain retirement information, forms, and brochures, and to report a missing payment or the death of an annuitant. If you need to write to OPM, the mailing address for general correspondence is:

U.S. Office of Personnel Management  
Retirement Operations Center  
Post Office Box 45  
Boyers, Pennsylvania 16017-0045

# **ASSET INVENTORY**

# Asset Inventory

*None of us like to face the possibility of catastrophic illness or death. However the time to review and organize personal financial matters is before a crisis. Too often only one spouse has directed investments, insurance and tax planning. Both spouses should take time to learn where the family's assets are invested and why. Although one partner may have the responsibility for tax planning, both spouses should know where important documents are held and even how to file a tax return. Make managing the finances a team effort and know in advance to whom your spouse can go for advice.*

*A good start is to take inventory of investments, insurance, records and certificates. The worksheet below may help you to organize these important documents. Each spouse may wish to complete an individual worksheet. Store this vital information securely, such as in a safe deposit box.*

Name \_\_\_\_\_

Date of Birth \_\_\_\_\_

Place of Birth \_\_\_\_\_

Social Security # \_\_\_\_\_

Civil Service Annuitant (CSA)# \_\_\_\_\_

TSP Pin # \_\_\_\_\_

## **Benefit Plans** Value, if known

Pension Plan \_\_\_\_\_ \$ \_\_\_\_\_

Thrift Savings Plan \_\_\_\_\_ \$ \_\_\_\_\_

Profit Sharing \_\_\_\_\_ \$ \_\_\_\_\_

Other \_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

## Health Insurance

Carrier_____	Policy #_____
Names of Insured_____	Telephone#_____
Location of Policy Info_____	Agent (if applicable) _____
_____	_____
_____	Address & phone_____
Carrier_____	Policy # _____
Names of Insured_____	Telephone# _____
Location of Policy Info_____	Agent (if applicable)_____
_____	Address & Phone _____

## Life Insurance

Carrier_____	Policy #_____
Names of Insured_____	Telephone#_____
Location of Policy Info_____	Agent (if applicable) _____
_____	_____
_____	Address & phone_____
_____	_____
Carrier_____	Policy _____
Names of Insured_____	Telephone# _____
Location of Policy Info_____	Agent (if applicable)_____
_____	_____
_____	Address & phone _____
_____	_____

## Safe Deposit Box

Location \_\_\_\_\_

Box Number \_\_\_\_\_

Who Has Access \_\_\_\_\_

Keys Located \_\_\_\_\_

Contents \_\_\_\_\_

## Liability Inventory

Loans \_\_\_\_\_ \$ \_\_\_\_\_

Loans \_\_\_\_\_ \$ \_\_\_\_\_

Debts \_\_\_\_\_ \$ \_\_\_\_\_

Debts \_\_\_\_\_ \$ \_\_\_\_\_

Debts \_\_\_\_\_ \$ \_\_\_\_\_

Mortgage \_\_\_\_\_ \$ \_\_\_\_\_

Mortgage \_\_\_\_\_ \$ \_\_\_\_\_

## Location of Records, Certificates, Licenses

Birth \_\_\_\_\_ Deed \_\_\_\_\_

Marriage \_\_\_\_\_ Mortgage \_\_\_\_\_

Adoption \_\_\_\_\_ Title Policy Insurance \_\_\_\_\_

Citizenship \_\_\_\_\_ Prenuptial \_\_\_\_\_

Postnuptial \_\_\_\_\_ Insurance Papers \_\_\_\_\_

Divorce \_\_\_\_\_ Tax Receipts \_\_\_\_\_

## Home and Auto Insurance

**Type of Coverage** \_\_\_\_\_

**Company**\_\_\_\_\_ **Policy Numbers** \_\_\_\_\_

**Agent**\_\_\_\_\_ **Location of Policies** \_\_\_\_\_

**Address & Phone**\_\_\_\_\_

\_\_\_\_\_

**Type of Coverage** \_\_\_\_\_

**Company**\_\_\_\_\_ **Policy Numbers**\_\_\_\_\_

**Agent**\_\_\_\_\_ **Location of Policies** \_\_\_\_\_

**Address & Phone** \_\_\_\_\_

\_\_\_\_\_

**Type of Coverage** \_\_\_\_\_

**Company**\_\_\_\_\_ **Policy Numbers** \_\_\_\_\_

**Agent**\_\_\_\_\_ **Location of Policies** \_\_\_\_\_

**Address & Phone**\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Individuals Knowledgeable About My Affairs

**Attorney** \_\_\_\_\_

**Address** \_\_\_\_\_

**Telephone** \_\_\_\_\_

**Accountant** \_\_\_\_\_

**Address** \_\_\_\_\_

**Telephone** \_\_\_\_\_

**Broker** \_\_\_\_\_

**Address** \_\_\_\_\_

**Telephone** \_\_\_\_\_

**Doctor** \_\_\_\_\_

**Address** \_\_\_\_\_

**Telephone** \_\_\_\_\_

**Doctor** \_\_\_\_\_

**Address** \_\_\_\_\_

**Telephone** \_\_\_\_\_

**Clergyman/Rabbi** \_\_\_\_\_

**Address** \_\_\_\_\_

**Telephone** \_\_\_\_\_

**Employer/Union Rep.** \_\_\_\_\_

**Address** \_\_\_\_\_

**Telephone** \_\_\_\_\_

**Other** \_\_\_\_\_

**Address** \_\_\_\_\_

**Telephone** \_\_\_\_\_

## Asset Inventory

<u>Current Market Value</u>	<u>Original Cost</u>	<u>Location</u>
		Home_____
		Property_____
		Property_____
		Business_____
		Checking account_____
		Checking account_____
		Savings Account_____
		Savings Account_____
		Savings Account_____
		Bonds_____
		Bonds_____
		Trust fund_____
		Stock_____
		Stock_____
		Stock_____
		Mutual Fund_____
		Mutual Fund_____

**Other information:**

---

---

---

---

---



# **Internet Resources**

<i><b><u>Name of Web Site</u></b></i>	<b>WWW Address (URL)</b>
The Office of Personnel Management Homepage	<a href="http://www.opm.gov">http://www.opm.gov</a>
FEGLI Calculator	<a href="http://apps.opm.gov/calculator/">http://apps.opm.gov/calculator/</a>
Tax Calculator – To figure Tax Free Portion of Annuity Payments	<a href="http://apps.opm.gov/tax_calc">http://apps.opm.gov/tax_calc</a>
Withholding – To compute the amount of monthly Federal income tax withholding from your annuity	<a href="http://apps.opm.gov/tax_calc">http://apps.opm.gov/tax_calc</a>
Military Deposit Interest Calculator (MILDEP 99)	<a href="http://www.opm.gov/asd">http://www.opm.gov/asd</a>
Office of Personnel Management – Electronic Forms	<a href="http://www.opm.gov/forms">http://www.opm.gov/forms</a>
Social Security Administration Homepage	<a href="http://www.ssa.gov">http://www.ssa.gov</a>
Thrift Savings Plan (TSP) Homepage	<a href="http://www.tsp.gov">http://www.tsp.gov</a>
MEDICARE Homepage	<a href="http://www.medicare.gov">http://www.medicare.gov</a>
Internal Revenue Service	<a href="http://www.irs.gov">http://www.irs.gov</a>
Access America for Seniors	<a href="http://www.seniors.gov">http://www.seniors.gov</a>
Veteran's Administration	<a href="http://www.va.gov">http://www.va.gov</a>
National Association of Retired Federal Employees	<a href="http://www.narfe.org">http://www.narfe.org</a>
CSRS/FERS Retirement Calculators	<a href="http://www.finance.gsa.gov/csrs">http://www.finance.gsa.gov/csrs</a>